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Financial Compliance in the BRICS and BRICS+ Countries Now and in the Future

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ABSTRACT: This article discusses financial compliance in the BRICS and BRICS+ countries now and in the future. The first section states the problem and the research question: Is financial compliance in the BRICS+ countries adequately addressed? This section defines financial compliance, the approaches to financial compliance, and a compliance program. The characteristics of a compliance program and financial compliance risks are examined. The second section provides a historical background of the BRICS organization, including its founding, the New Development Bank, other initiatives, and potential expansion. The section also contains a statistical subsection that projects that the nominal GDP of the BRICS+ countries will likely exceed the nominal GDP of the G7 as early as 2028 or as late as 2045, more likely between the beginning of 2037 and Fall 2040, depending on the assumptions made. The third section addresses the methodological issues in the qualitative research used herein. The fourth section is a literature review examining financial compliance in the ten BRICS+ countries. Each country is evaluated according to its financial framework, authorities, and significant financial laws and regulations. The fifth section analyzes the BRICS+ countries and partners according to their financial compliance approaches, geographical location, and economic systems. The reasons why Algeria, Argentina, and Saudi Arabia did not join BRICS+ are highlighted. The BRICS+ organization is scrutinized from an evolutionary perspective, where it is projected that BRICS+ is an evolving entity, where over decades, the bloc will likely resemble, more or less, the ten regions proposed by Mesarovic and Pestel fifty years ago in their world model. The article summarizes these results, concluding that BRICS+ is probably a step toward a planetary government. The proposed future research areas suggest that a quantitative approach herein might be fruitful.

KEYWORDS: •BRICS •BRICS+ •CLUB OF ROME •FINANCIAL COMPLIANCE •INTEGRAL APPROACH •LIMITS TO GROWTH •SECTORAL APPROACH •TWIN PEAKS APPROACH

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LIST OF ABBREVIATIONS

Abbreviation	Description
ACM	Anti-Corruption Measures
ADGM	Abu-Dubai Global Market
ADX	Abu Dhabi Exchange
AML	Anti-Money Laundering
ATF	Anti-Terrorism Financing

BCB	Banco Central do Brasil
Belarus	Republic of Belarus
BI	Bank Indonesia
Bolivia	Plurinational State of Bolivia
BRA	Banking Regulation Act of 1934
Brazil	Federative Republic of Brazil
BRICS	Brazil, Russia, India, China, and South Africa
BRICS+	Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, and the United Arab Emirates.
BRICS+ Partners	Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Türkiye, Uganda, Uzbekistan, and Vietnam
CA	Companies Act of 2013
CB-UAE	Central Bank of the UAE
CBE	Central Bank of Egypt
CBI	Central Bank of Iran
CBIRC	China Banking and Insurance Regulatory Commission
CBR	Central Bank of the Russian Federation
CCAF	Conselho de Controle de Atividades Financeiras
CCIL	Clearing Corporation of India, Ltd.
CDD	Customer Due Diligence
CEO	Chief Executive Officer
CFT	Counter-Financing of Terrorism
China	People’s Republic of China
CICA	Credit Information Companies (Regulation) Act of 2005
CISADA	Comprehensive Iran Sanctions, Accountability, and Divestment Act
CML	Capital Markets Law
CMN	Conselho Monetário Nacional
COAF	Conselho de Controle de Atividades Financeiras
CODI	Corporation for Deposit Insurance
COFI	Conduct of Financial Institutions Bill
COMESA	Common Market for Eastern and Southern Africa
CPA	Consumer Protection Act of 2019
CSRC	China Securities Regulatory Commission
Cuba	Republic of Cuba
CVM	Comissão de Valores Mobiliários
DA	Depositories Act of 1996
DEA	Department of Economic Affairs
DFM	Dubai Financial Market
DFSA	Dubai Financial Services Authority
DICGC	Deposit Insurance and Credit Guarantee Corporation
DIFC	Dubai International Financial Centre
DNFBP	Designated Non-Financial Businesses and Professions
EAC	East African Community
ECMA	Ethiopian Capital Market Authority
EDD	Enhanced Due Diligence
EIFEC	European Institute for Export Compliance
EFIC	Ethiopian Financial Intelligence Center
EFRA	Egyptian Financial Regulatory Authority
Egypt	Arab Republic of Egypt
EMTRI	Ethiopian Ministry of Trade and Regional Integration
ERA	Ethiopian Revenue Authority
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
ESCA	Emirates Securities and Commodities Authority

Ethiopia	Federal Democratic Republic of Ethiopia
EU	European Union
EU-ECCP	EU Export Compliance Certification Program (EU-ECCP)
FATF	Financial Action Task Force
FCA	Foreign Contribution (Regulation) Act of 2010
FEACC	Federal Ethics and Anti-Corruption Commission
FEDAI	Foreign Exchange Dealers' Association of India
FEMA	Foreign Exchange Management Act of 1999
FIC	Financial Intelligence Centre
FinCEN	Financial Crimes Enforcement Network
FIS	Financial Inclusion Strategy
FIU	Financial Intelligence Unit
FICA	Financial Intelligence Centre Act
FinTech	Financial Technology
FMC	Forward Markets Commission
FRRSC	Financial Regulatory Reform Steering Committee
FSDC	Financial Stability and Development Council
FSOC	Financial Stability Oversight Committee
FSOL	Financial Sector Omnibus Law
FSR	Financial Sector Regulator
FSRA	Financial Sector Regulation Act
FSRA-UAE	Financial Services Regulatory Authority of the United Arab Emirates
FTP	Foreign Trade Policy of 2015-2020
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GWP	Gross World Product
IBGE	Brazilian Institute of Geography and Statistics
ICSO	Indian Central Statistics Office
IFRS	International Financial Reporting Standards
IFSCA	International Financial Services Centres Authority
IFSCAA	International Financial Services Centres Authority Act of 2019
IMF	International Monetary Fund
IMR	Improved Risk Management
Indonesia	Republic of Indonesia
INFS	Integrated National Financing Strategy
IO	Insurance Ombudsman
IR	Information Regulator
Iran	Islamic Republic of Iran
IRDA	Insurance Regulatory and Development Authority
ISA	Indian Stamp Act of 1899
ITR	Insider Trading Regulations of 2015-2020
G7	Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States
GDP	Gross Domestic Product
India	Republic of India
IRDAA	Insurance Regulatory and Development Authority Act of 1999
Kazakhstan	Republic of Kazakhstan
KYB	Know Your Business
KYC	Know Your Customer
Law of the CBR	Federal Law on the Central Bank of the Russian Federation
M&A	Mergers and Acquisitions
Malaysia	Malaysia
MCA	Ministry of Corporate Affairs
MENA-FATF	Middle East and North Africa Financial Action Task Force

MEAF	Ministry of Economic Affairs and Finance
MFE	Ministry of Finance of Ethiopia
MJF	Bonyad-e Mostazafan va Janbazan
MSMEDA	Micro, Small, and Medium Enterprises Development Act of 2006
MTI	Ministry of Trade and Industry
NABARD	National Bank for Agriculture and Rural Development
NATO	North Atlantic Treaty Organization
NBE	National Bank of Ethiopia
NCR	National Credit Regulator
NDB	New Development Bank
NFRA	National Financial Regulatory Administration
NGO	Non-Governmental Organization
NHB	National Housing Bank
NIA	Negotiable Instruments Act of 1881
Nigeria	Federal Republic of Nigeria
NPSTR	National Pension System Trust Regulations of 2015
OFAC	Office of Foreign Assets Control
OJK	Otoritas Jasa Keuangan
PA	Prudential Authority
PAA	Prevention of Atrocities Act of 1989
PBC	People's Bank of China
PERT	Program Evaluation Review Technique
PFMA	Public Financial Management System of 2016
PFO	Pension Fund Ombudsman
PFRDA	Pension Fund Regulatory and Development Authority
PIBA	Prevention of Insolvency and Bankruptcy Act of 2016
PMLA	Prevention of Money Laundering Act of 2002
PPP	Purchasing Power Parity
PSSA	Payment and Settlement Systems Act of 2007
RBI	Reserve Bank of India
RBI-DPSCD	Reserve Bank of India Digital Payment Security Controls Directions of 2021
RBIA	Reserve Bank Act of 1934
RERDA	Real Estate Regulation and Development Act of 2016
Rosstat	Russian State Statistics Service
Russia	Russian Federation
SAC	Securities Association of China
SAR	Suspicious Activity Report
SARB	South African Reserve Bank
SARS	South African Revenue Service
SAT	Securities Appellate Tribunal
SBRE	State Bank of the Russian Empire
SC-PRCS	State Council of the People's Republic of China
SCA	Securities and Commodities Authority
SCR	Securities Contracts (Regulation) Rules of 1957
SEBI	Securities and Exchange Board of India
SEBIA	Securities and Exchange Board of India Act of 1992
SFN	Sistema Financeiro Nacional
SIDBI	Small Industries Development Bank of India
SME	Socialist Market Economy
South Africa	Republic of South Africa
SRFA-ESIA	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act of 2002
SSA	Statistics South Africa

SupTech	Supervisory Technologies
Thailand	Kingdom of Thailand
Türkiye	Republic of Türkiye
UAE	United Arab Emirates
Uganda	Republic of Uganda
UK	United Kingdom
UN	United Nations
USSR	Union of Soviet Socialist Republics
Uzbekistan	Republic of Uzbekistan
VARA	Virtual Assets Regulatory Authority
Vietnam	Socialist Republic of Vietnam
WB	World Bank

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INTRODUCTION

Corporations, institutions, and even countries must adhere to a common source of financial standards in finance. Regarding nations, a mutual set of rules, regulations, and laws is critical to ensure that international commercial transactions run smoothly, where fraud and the potential for fraud are minimized. This article explores how the BRICS countries, namely the financial compliance in Federative Republic of Brazil (Brazil), the Russian Federation (Russia), the Republic of India (India), the People's Republic of China (China), the Republic of South Africa (South Africa), and the other newly admitted BRICS countries are financially compliant.[1] The details regarding such compliance may differ, but the substance needs to be sufficiently similar so that trade among the BRICS countries operates efficiently. Besides Brazil, BRICS is an Eastern and Southern alternative to the G7, which consists of the United States, Canada, France, Italy, Japan, the United Kingdom (UK), and Germany.[2] BRICS is an intergovernmental organization of emerging economies competing economically, financially, and politically with the Western G7 nations.[3] Thus, from a global financial perspective, it is vital to understand how BRICS complies within its own financial environment and the international financial ecosystem so that its member nations can effectively trade amongst themselves and with the economic and financial world around them.

This introductory section is divided into three subsections. The first subsection states the problem to be addressed. The second subsection states the research question by itemizing the null hypothesis that financial compliance in the BRICS countries is not adequately addressed, whereas with the alternative hypothesis, financial compliance in the BRICS countries is adequately addressed. The final subsection defines financial compliance, the three financial compliance approaches, a compliance program, describing the characteristics of a compliance program, external versus internal norms, and finally lists four financial compliance risks, including reputational, strategic, operational, and compliance or regulatory risks.

Statement of the Problem

This paper examines financial compliance in the BRICS+ countries. The research aspired to investigate whether the BRICS+ countries possessed financial compliance regulations and laws similar to those in the West, particularly the United States. A qualitative analysis is required because financial compliance significantly varied among the BRICS+ countries. The literature review demonstrates that financial compliance in the BRICS+ countries was worthy of investigation.

Research Question

The research question guiding this study is: Whether financial compliance is adequately addressed in the BRICS+ countries. The data were analyzed to explore the following hypothesis:

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[1] Kirti Sharma, List of BRICS Countries 2025: Name, Summit Details and Chairmanship, *Jagran Josh* (Jan. 31, 2025), *available at* https://www.jagranjosh.com/general-knowledge/list-of-brics-countries-name-summit-details-and-chairmanship-1729586825-1.

[2] CFR.org Editors, What Does the G7 Do?, *Council on Foreign Relations* (Jun. 24, 2024), *available at* https://www.cfr.org/backgrounder/what-does-g7-do#:~:text=The%20United%20States%2C%20France%2C%20Italy,invariably%20entered%20the%20group's%20agenda.

[3] Kirti Sharma, *supra*, note 1.

H0: Financial compliance in the BRICS+ countries is not adequately addressed.

H1: Financial compliance in the BRICS+ countries is adequately addressed.

The procedures employed in this paper were qualitative, where financial compliance in the five original BRICS+ countries is analyzed in detail. Financial compliance in the five countries that recently joined BRICS+ is also discussed.

Definitions of Terms

This subsection defines financial compliance, the three financial compliance approaches, and a financial program. It also discusses the characteristics of a financial program, the external and internal norms, and various financial risks, including reputational risk, strategic risk, operational risk, and compliance or regulatory risk.

Definition of Financial Compliance

According to Morrison, regulatory compliance is a "set of rules that defines how consumer data, medical treatment, digital assets, and even private communications must be monitored, analyzed, archived, and managed to protect sensitive information and provide people with a level of safety that society has deemed reasonable."[4] Morrison stated that financial compliance is a subset of regulatory compliance that applies to "investment banks, insurance banks, stockbrokers, lenders, and all other financial institutions."[5] Non-compliance penalties are usually severe for these entities and may include fines, legal penalties, and the revocation of market trading, lending, and other monetary transaction licenses.[6] Courts may find individual and possibly government employees guilty of noncompliance, where prison time may be a penalty.[7]

According to the CFI Team, financial compliance is "the regulation and enforcement of the laws and rules in finance and the capital markets. It ranges from investment to retail banking practices through the entire financial spectrum."[8] The Indeed Editorial Team defined financial compliance as "the status a business achieves when it follows all relevant financial laws and regulations as the ruling regulatory bodies have outlined them. Financial compliance is a continual process that evolves with the changes in financial laws."[9] Financial compliance is necessary for any business, including international businesses, that operates under a legal framework, regardless of industry.[10]

Financial Compliance Approaches

In this subsection, the three approaches to financial compliance are discussed. In the first subsection, the integrated approach is examined. The second subsection reviews the sectoral approach to financial compliance. The third subsection considers the twin peaks approach.

Integrated Approach

An integrated approach to financial compliance for countries comprises a holistic, coordinated effort to address financial risks, such as anti-money laundering (AML) and counter-financing of terrorism (CFT).[11] An integrated approach establishes a robust regulatory

[4] Cassandra Morrison, What Is Financial Compliance?, *Shield FC* (Nov. 12, 2023), *available at* https://www.shieldfc.com/resources/blog/what-is-financial-compliance-definition-examples/#:~:text=Anti-money%20Laundering%20(AML)&text=Financial%20compliance%20face%20harsh%20consequences,and%20even%20restitution%20of%20funds.

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] CFI Team, Financial Compliance, *Corporate Finance Institute* (n.d.), *available at* https://corporatefinanceinstitute.com/resources/career-map/sell-side/risk-management/financial-compliance/.

[9] Indeed Editorial Team, What Is Finance Compliance? (Plus Benefits and Importance), *Indeed* (Mar. 4, 2025), *available at* https://uk.indeed.com/career-advice/career-development/finance-compliance#:~:text=Financial%20compliance%20is%20the%20status,the%20changes%20in%20financial%20laws.

[10] *Id.*

[11] TSS Staff, International Collaboration in the AML/CFT Efforts, *Sanction Scanner* (Sep. 19, 2024), *available at* https://www.sanctionscanner.com/blog/international-collaboration-in-the-amlcft-efforts-757#:~:text=International%20collaboration%20in%20AML/CFT%20efforts%20goes%20beyond%20the%20exchange,strengthen%20their%20AML/CFT%20frameworks.

framework, encouraging international collaboration and ethical conduct within the financial sector.[12] In an integrated approach to financial compliance, the idea is to implement a robust and integrated regulatory framework, where the elements include:[13] [14]

- *AML/CFT Laws and Regulations* – Nations must enact and enforce comprehensive AML/CFT laws and regulations covering all relevant financial institutions and activities.
- *Financial Intelligence Units* – Integrated financial compliance ensures FIUs receive, analyze, and disseminate information regarding suspicious transactions and additional relevant intelligence.
- *Customer Due Diligence and Know Your Customer* – By adhering to CDD and KYC, robust procedures are implemented to identify and verify customers to understand their financial activities.
- *Transaction Monitoring* – In an integrated financial environment, systems monitor financial transactions looking for suspicious activity and then flag them for further investigation.
- *Risk-Based Approach* – An integrated approach is a risk-based approach to compliance, concentrating on high-risk areas and activities.

With an integrated approach to financial compliance, international cooperation is essential, including:[15]

- *International Standards* – Adhere to international standards and recommendations, such as those set by the Financial Action Task Force (FATF), to ensure effective AML/CFT measures.
- *Mutual Evaluations and Peer Reviews* – Participate in mutual evaluations and peer reviews to assess compliance with international standards and identify areas for improvement.
- *Information Sharing* – Establish mechanisms for sharing information with other countries to facilitate investigations and prosecutions of financial crimes.
- *Regulatory Cooperation* – Promote regulatory cooperation and coordination among jurisdictions to address cross-border financial crimes.

With an integrated approach to financial compliance, promoting ethical conduct is critical. It consists of:[16]

- *Ethical Culture* – An integrated approach encourages a culture of ethics and integrity, emphasizing responsible financial behavior.
- *Anti-Corruption Measures* – ACM aims to implement measures that combat corruption, thereby reducing financial crimes.
- *Training and Education* – Training and education are essential for financial professionals to ensure they understand AML/CFT regulations and best practices.
- *Accountability and Transparency* – Accountability and transparency are critical in the financial sector because they make it difficult for criminals to hide their activities.

[12] FCA Staff, Unifying Financial Crime Management: An Integrated Approach to Regulatory Compliance and Risk Mitigation, *Financial Crime Academy* (Mar. 28, 2025), *available at* https://financialcrimeacademy.org/unifying-financial-crime-management/#:~:text=Training-,Unifying%20Financial%20Crime%20Management:%20An%20Integrated%20Approach,Regulatory%20Compliance%20and%20Risk%20Mitigation&text=Unifying%20financial%20crime%20management%20across,anti-bribery%20and%20corruption%20team.

[13] TSS Staff, *supra*, note 11.

[14] FCA Staff, *supra*, note 12.

[15] TSS Staff, *supra*, note 11.

[16] BIG Staff, Integrated Mindset in Practice: Professional Accountants in Business and Anti-Corruption Compliance, *Basel Institute on Governance* (Jul. 2024), *available at* https://baselgovernance.org/publications/integrated-mindset-practice-professional-accountants-business-and-anti-corruption#:~:text=This%20integrated%20approach%20to%20financial,approach%20to%20anti-corruption%20compliance.

The benefits of an integrated approach are:[17] [18]

- *Strengthened Compliance Posture* – An integrated approach results in an effective compliance posture by reducing the risk of financial crimes.
- *Improved Risk Management* – IMR facilitates identifying, assessing, and mitigating financial risks.
- *Enhanced Financial Stability* – An integrated approach contributes to a stable and secure financial system by preventing financial crime.
- *Increased Investor Confidence* – A strong compliance posture builds confidence in the financial sector, attracting investment and encouraging economic growth.
- *Reduced Costs* – Streamlining compliance processes and eliminating redundancies can lead to cost savings for financial institutions.

Sectoral Approach

A sector-based approach to financial compliance for nations is concerned with adapting AML and CFT measures to specific risks and activities within a financial sector instead of applying a one-size-fits-all approach.[19] The FATF is a global money laundering and terrorist financing overseer that employs a risk-based approach to financial compliance, permitting countries to collaborate on identifying, assessing, and understanding money laundering and terrorist financing risks they face.[20] Different sectors, such as banking, securities, insurance, and non-profit organizations, have various risk levels for money laundering and terrorist financing. A sectored approach to financial compliance recognizes these differences and permits nuanced compliance measures.[21]

For the banking sector, CDD measures for high-risk customers and transactions, vigorous record-keeping, and the effective monitoring of transactions are essential to promote financial compliance.[22] A sectoral approach in the securities and insurance sectors involves enhanced monitoring of complex transactions and reporting suspicious activity.[23] As for non-profit organizations, a sectoral approach ensures that non-profits are not a tool for funneling money for illicit purposes, where strict oversight of donations and activities is crucial.[24]

The benefits of a sectoral approach focus on efficiency, effectiveness, and proportionality. The sectoral approach is efficient because it employs resources to investigate high-risk areas.[25] It is also effective because tailored responses are likely to prevent money laundering and terrorist financing.[26] A sectoral measure is proportional because compliance burdens are usually proportionate to risks experienced by a sector.[27]

The sectoral approach does possess challenges. A sectoral approach can be complex, demanding a profound understanding of different financial sectors and their associated risks.[28] A sectoral approach to financial compliance may require formidable coordination among government agencies and regulatory bodies.[29] With the sectoral approach, information sharing among sectors

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[17] Joseph Ibitola, AML Communications: Building Bridges between AML Compliance and Operations, *Flagright* (Mar. 7, 2024), *available a*t https://www.flagright.com/post/aml-communication-building-bridges-between-aml-compliance-and-operations#:~:text=The%20primary%20benefit%20of%20integrating,institution's%20reputation%20and%20customer%20trust.

[18] NA Staff, What Is Regulatory Compliance?, *Nice Actimize* (n.d.), *available at* https://www.niceactimize.com/glossary/regulatory-compliance/#:~:text=The%20purpose%20of%20regulatory%20compliance,fair%20practices%20within%20the%20industry.

[19] FATF Staff, Risk-Based Approach for the Banking Sector, *Financial Action Task Force* (2024), *available at* https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Risk-based-approach-banking-sector.html#:~:text=The%20risk-based%20approach%20is,between%20supervisory%20authorities%20and%20banks.

[20] *Id.*

[21] *Id.*

[22] *Id.*

[23] FATF Staff, Risk-Based Approach Guidance for the Securities Sector, *Financial Action Task Force* (Oct. 26, 2018), *available at* https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Rba-securities-sector.html#:~:text=This%20guidance%20highlights%20some%20of,public%20consultation%20in%20July%202018.

[24] FATF Staff, International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations, *Financial Action Task Force* (Feb. 2025), *available at* https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf.

[25] *Id.*

[26] *Id.*

[27] *Id.*

[28] Rod Linsley, The Impact of Regulatory Changes on the Financial Services Industry, *Gatekeeper* (Sep. 11, 2024), *available at* https://www.gatekeeperhq.com/blog/the-impact-of-regulatory-changes-in-the-financial-services-industry#:~:text=Sector-Specific%20Regulations:%20Financial%20institutions,Examples%20include:.

[29] FATF Staff, *supra*, note 24.

and countries may pose challenges.[30] The FATF Recommendations are a framework for countries to implement a sectoral approach to financial compliance. The FATF website gives additional information on the FATF Recommendations and other related topics.[31]

Twin Peaks Approach

The twin peaks model permits each regulator to concentrate on its core mandate – financial soundness and stability for the prudential regulator and market conduct for the conduct regulator.[32] For the twin peaks approach to work correctly, there needs to be cooperation among the regulators to create a cohesive perspective of the risks in a given sector and implement coordinated responses.[33] Under the twin peaks model, it is essential to clearly define the objectives, boundaries, and perimeters between the prudential and conduct regulators.[34] Additionally, to guarantee comprehensive supervision, it is critical that the two regulators effectively coordinate with each other.[35]

The idea behind the twin peaks approach is to ensure that financial compliance continuously improves. It has several advantages.[36] First, a two-headed regulation system is focused on achieving its objectives and rules.[37] Second, it is unlikely that a twin peaks regulatory system will surpass the general regulatory framework.[38] The regulatory culture, or the manners, activities, and policies that regulators employ to achieve their purposes, may be amended for the system to function effectively.[39] The value of a single regulatory culture is that different cultures cannot emerge when there are diversified regulatory purposes.[40] Another benefit is that the twin peaks model is flexible enough to adjust to constant changes and emerging complexities in financial markets and conglomerates.[41] Finally, the twin peaks model can prevent complications from a compliance system with a super-regulator.[42]

There are some disadvantages to the twin peaks model. First, a twin-peak approach to financial compliance may generate a regulatory overlap with dual-regulated organizations. Two regulators may possess separate rule books and systems, thereby unduly burdening a regulated entity and leading to poor or non-existent information sharing.[43] Second, it is conceivable that cooperation and coordination between regulators would be insufficient, even though the risk can be managed with healthy coordination and liaison channels.[44] Finally, while using the twin peaks model, the Netherlands insurer HIH collapsed in 2001, and Zurich Insurance Australia nearly failed in 2000.[45] The morale of these examples is that new compliance structures do not guarantee better regulation.

Definition of a Compliance Program

Westphal defined a compliance program as a "set of internal policies and procedures that [are] put into place to help [an] organization comply with the law."[46] An effective compliance program can enhance an organization's operations, increase the quality of care, reduce costs, and identify issues before they become systemic and expensive to correct.[47] According to Suich, there are three types of compliance programs:[48]

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[30] TSS Staff, *supra*, note 11.
[31] FATF Staff, *supra*, note 24.
[32] FRRSC Staff, Implementing a Twin Peaks Model of Financial Regulation in South Africa, *Financial Regulatory Reform Steering Committee* (Feb. 1, 2013), *available at* https://www.treasury.gov.za/twinpeaks/20131211%20-%20item%203%20roadmap.pdf.
[33] *Id.*
[34] Andrew Godwin, & Ian Ramsay, Twin Peaks – The Legal and Regulatory Anatomy of Australia's System of Financial Regulation: CIFR Paper No, 074/20-15, *University of Melbourne Legal Studies Research Paper No. 725* (Feb. 12, 2016), *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2657355.
[35] *Id.*
[36] FSB Staff, The Philosophy behind Twin Peaks, *Issue 1: The South African Perspective* (n.d.), *available at* https://www.fsca.co.za/TPNL/1/FSB/thephilosophy.html.
[37] Mertalp Yildirim, Twin Peaks Approach to Financial Regulation, *LinkedIn.com* (Feb. 4, 2020), *available at* https://www.linkedin.com/pulse/twin-peaks-approach-financial-regulation-mertalp-yildirim/.
[38] *Id.*
[39] *Id.*
[40] *Id.*
[41] *Id.*
[42] *Id.*
[43] *Id.*
[44] *Id.*
[45] *Id.*
[46] Heather Westphal, Compliance Program Basics, *Office of Inspector General* (Jan. 7, 2012), *available at* https://oig.hhs.gov/newsroom/oig-podcasts/compliance-program-basics/#:~:text=At%20its%20most%20basic%20level,care%20and%20reduce%20overall%20costs.
[47] *Id.*
[48] Joseph Suich, How to Develop a Values-Based Compliance Culture, *Power Magazine* (Jun. 1, 2017), *available at* https://www.powermag.com/how-to-develop-a-values-based-compliance-culture/.

- Command and control compliance programs;
- Rules-based compliance programs; and
- Speak-up, culture-based compliance programs.

Additionally, there are principles-based compliance programs based on general guidelines rather than a detailed recipe.[49]

The idea behind a command-and-control compliance program is to command individuals within an organization to do something by creating a law, rule, or policy that makes it illegal or a violation and to delegate authority to regulatory bodies to enforce the law, rule, or policy via fines and penalties.[50] The four elements of a command-and-control compliance program are: (1) arrangement of personnel, (2) information management, (3) procedures, and (4) equipment and facilities essential for the commander to conduct operations.[51] Command-and-control compliance programs are based on a military approach to compliance, where individuals must follow orders from a leader in charge of a compliance program.[52] Although a command-and-control compliance program is generally perceived to be inefficient, Cole and Grossman articulated conditions where command-and-control programs may be efficient.[53]

In a rules-based compliance program, compliance is predicated on legal, regulatory, and policy constraints, sometimes at the expense of moral and ethical principles.[54] A rules-based compliance program is limited by the fact that it might be:[55]

- Best guesses of the future may not include new scenarios;
- Underinclusive by not catching things that the rule-maker may want to include, or overinclusive by adding unintended things when used in specific contexts; or
- Impacting behavior does not depend on the rule but rather on the organization's approach to regulation or its incentive structure for compliance.

In contrast to a rules-based compliance program, a principles-based compliance program is characterized by:[56]

- Generalized, over-reaching requirements that are flexible and can rapidly adjust to a changing business environment;
- Qualitative terms (e.g., "fair," "reasonable," or "suitable") versus bright-line rules (e.g., "within five business days");
- Expressing the reasons behind the rule;
- Having broad applications to various scenarios; and
- Being behavioral standards.

One could argue that a principles-based compliance program is a generalized rules-based compliance program.

Finally, a speak-up or culture-based compliance program begins with transparent policies and expectations while engaging employees by leveraging metrics and data analytics, sharing lessons learned, and keeping training fresh in the minds of individuals.[57] According to Suich, culture, rather than a rule book or a code of behavior, permits employees to speak up when something is wrong.[58] Culture can direct compliance above and beyond the compliance team by ensuring that an entity avoids the big misses that may

[49] Mary Jo Climie, Rules- or Principles-Based Compliance Programs: Which Is Better?, *LinkedIn.com* (Sep. 5, 2023), *available at* https://www.linkedin.com/pulse/rules-principles-based-compliance-programs-which-better-climie/.

[50] PIDS Staff, A Law of Nature: The Command-and-Control Approach, 3 *Economic Issue of the Day* 1 (Apr. 2002), *available at* https://sswm.info/sites/default/files/reference_attachments/PIDS%202002%20Standards%20in%20Command%20and%20Control.pdf.

[51] Global Security Staff, Command and Control, *GlobalSecurity.org* (n.d.), *available at* https://www.globalsecurity.org/military/library/policy/army/fm/6-0/chap1.htm#:~:text=A%20command%20and%20control%20system%20is%20the%20arrangement%20of%20personnel,the%20commander%20to%20conduct%20operations.

[52] *Id.*

[53] Daniel H. Cole & Peter Z. Grossman, When Is Command-And-Control Efficient? Institutions, Technology, and the Comparative Efficiency of Alternative Regulatory Regimes for Environmental Protection, *Maurer School of Law: Indiana University* (1999), *available at* https://www.repository.law.indiana.edu/facpub/590/.

[54] Tosin Umukoro, Making the Shift to Principles-Based Compliance Programs, *CEP Magazine* (Sep. 2021), *available at* https://compliancecosmos.org/making-shift-principles-based-compliance-programs#:~:text=In%20contrast%20to%20a%20principles,of)%20moral%20and%20ethical%20imperatives.

[55] *Id.*

[56] *Id.*

[57] Joseph Suich, *supra*, note 48.

[58] *Id.*

adversely affect an organization's finances and reputation.[59] In other words, culture-based compliance programs may encourage individuals to do the right things rather than to do things right.[60]

Now that the various compliance programs have been defined and characterized, the subsection will segue into the Volkswagen scandal of 2015. It will answer what people knew regarding Volkswagen's fraudulent software application that provided false data when the company's diesel cars were tested for emissions compliance. As of December 31, 2022, the Volkswagen Group employed over 675,000 people, of whom over 293,000 worked in Germany.[61] Hundreds of thousands of Volkswagen employees likely knew nothing about the emissions defect. If anything, only a few hundred, if not only a hundred or fewer individuals, were involved in the production of the software defeat device. It should also be understood that separate divisions could have had different compliance programs, presuming that Volkswagen corporate did not mandate only one compliance program. The firm has 675,000 employees and is large enough for this possibility to occur.

Characteristics of a Compliance Program

According to the United States Sentencing Guidelines for Organizations (Guidelines), the seven essential requirements of a compliance program are to:[62]

1) Establish standards and procedures to prevent and detect criminal conduct;
2) Ensure that the organization possesses an effective compliance program, where the program has reasonable oversight and is periodically evaluated for safeguarding its effectiveness;
3) Employ reasonable efforts to include all company members, including individuals who may have engaged in illegal activities or conduct inconsistent with the compliance program.
4) Use reasonable steps to communicate with all employees and contractors about the compliance program and conduct effective training programs;
5) Warrant that the compliance and ethics program is followed, periodically evaluate its effectiveness, and provide an anonymous and confidential mechanism where employees can report or seek guidance on potential or actual criminal conduct;
6) Promote and enforce consistently throughout the organization via incentives and disciplinary measures to prevent or detect criminal conduct; and
7) Take reasonable steps to respond appropriately to criminal conduct and prevent future criminal conduct by periodically assessing the risk of criminal conduct.

Compliance Program Rules

According to Miller, the goal of a compliance program is to ensure that its culture encourages the prevention, detection, and resolution of possible violations of law or corporate policy.[63] The rules that a company's compliance program should strive to enforce include:[64]

- Annual ethics training as a condition of employment;
- Employees are encouraged to discuss workplace issues with their immediate manager or supervisor;
- The company maintains a neutral ombudsman program so that employees have an alternate, safe haven communication channel to relay workplace issues;
- The firm possesses a 24-hour, 7-day-a-week telephone line supported by an independent organization where employees may voice their concerns and where the firm's Office of Ethics evaluates these issues;
- The compliance monitoring and auditing function varies according to new regulatory requirements, changes in business practices, and other considerations;
- The firm gives managers reports from tracking and oversight systems that collect data in determining key compliance indicators to ensure that employees are following external laws and internal company policies so that potential violations are flagged;
- The entity should expend significant resources to ensure that skilled and highly qualified individuals are hired;
- Potential employees are screened for drug usage in the process of performing background checks;

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[59] *Id.*
[60] *Id.*
[61] Volkswagen Staff, 2022 Group Management Report, *Volkswagen Group* (Dec. 31, 2022), *available at* https://annualreport2022.volkswagenag.com/group-management-report/sustainable-value-enhancement/employees.html.
[62] United States Sentencing Commission Guidelines Manual 2021, *United States Sentencing Commission* (2021), *available at* https://www.ussc.gov/sites/default/files/pdf/guidelines-manual/2021/GLMFull.pdf.
[63] Geoffrey P. Miller, *Law of Governance, Risk Management and Compliance* (Wolters Kluwer Kindle Ed. 2020).
[64] Molly Greville, Corporate Governance vs. Compliance, *Athennian* (n.d.), *available at* https://www.athennian.com/post/corporate-governance-vs-compliance.

- The background investigation verifies employment history, education, and a criminal background check for felonies and misdemeanors at the county, state, and federal levels;
- If appropriate, the firm should check for professional certifications, licenses, motor vehicle records, and credit history;
- The firm's compliance program demands that employees promptly report potential violations of law or corporate policies so that the company may take the appropriate disciplinary action;
- The compliance program recognizes that each situation is unique, even though the disciplinary action should be consistent; and
- The compliance program recognizes that identified violations may happen because of gaps in corporate policies, practices, or internal controls. If so, the compliance program should be dedicated to preventing future violations.

External versus Internal Norms

Externally created norms are direct rules, including government regulations and indirect pressure from outside media.[65] Externally created norms can alter a company's internal policies, foster an entity to follow industry practices, or sway its affiliation with its business partners.[66] In contrast, an internally created norm includes policies and rules created by shareholders, the board of directors, and senior management to attain corporate objectives.[67] These policies may consist of setting standards for establishing company ethics. Internally created norms only exist within a given entity.[68]

The thing to notice is that externally created norms can alter internally created norms because they exist outside the organization. Second, because internally created norms only exist within an organization, they can be viewed as optional. On the other hand, companies must ensure that they adhere to government laws and regulations at both the federal and state levels. Thus, externally created norms can be considered mandatory, provided the source of the norm is a law or regulation. Finally, internally created norms are strategic because they implement the vision of the organization while affecting its approaches and progress, whereas externally created norms are tactical because they focus on immediate changes necessary to satisfy legal requirements.[69]

Financial Compliance Risks

This subsection contains the definitions and examples of four financial compliance risks: reputational, strategic, operational, and compliance or regulatory risks.

Reputational Risk

Kenton defined a reputational risk as a "threat or danger to the good name or standing of a business or entity."[70] Reputational risks can happen directly due to company actions, indirectly because of employee actions, and tangentially through third parties, such as joint venture partners or suppliers.[71] To minimize reputational risk, firms must have good governance and transparency and be

The issue with reputational risk is that it can seemingly occur out of nowhere and without warning. Every company, both large and small, is subject to reputational risk. It can threaten the survival of the largest and best-run firms, annihilate millions or billions of dollars of market capitalization or possible revenue, and may result in a change in top management. Reputational risk may happen because of the actions of errant employees (e.g., fraud due to excessive trading) or may occur in a region far away from headquarters. Sometimes, reputational risk can be mitigated with prompt damage control measures, while in other instances, the damage can last for years (e.g., activists targeting gas and oil companies). The problem with monitoring reputational damage is that it may demand constant print and online media monitoring. Online reputational management software via a software dashboard may assist entities in tracking what consumers say and feel about a particular brand on review sites, social media, and search engines.

One example of reputational risk that "went south" occurred in 2016 when some retail bankers from Wells Fargo opened up millions of unauthorized accounts.[72] [73] Because of the scandal, John Stumpf, the Chief Executive Officer (CEO), and others resigned or were fired.[74] Federal regulators subjected the bank to heavy fines and penalties, and several large customers decreased, suspended, or

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[65] Indeed Editorial Team, What Is an External Control? Definition and Examples, *Indeed* (Oct. 8, 2022), *available at* https://www.indeed.com/career-advice/career-development/external-control#:~:text=They%20include%20direct%20rules%2C%20such,company%20and%20its%20business%20partners.
[66] *Id.*
[67] *Id.*
[68] *Id.*
[69] *See generally, Id.*
[70] Will Kenton, Reputational Risk: Definition, Dangers, Causes, and Example, *Investopedia* (Dec. 5, 2022), *available at* https://www.investopedia.com/terms/r/reputational-risk.asp.
[71] *Id.*
[72] Wells Fargo Staff, Making Things Right for Customers – Customer Redress Review Program, *Wells Fargo, NA* (n.d.), *available at* https://www.wellsfargo.com/help/customer-redress/.
[73] CFPB Staff, Wells Fargo, NA, *Consumer Financial Protection Bureau* (n.d.), *available at* https://www.consumerfinance.gov/enforcement/actions/wells-fargo-bank-2016/.
[74] Wells Fargo staff, *supra*, note 73.

discontinued their business dealings with Wells Fargo.[75] The reputation of Wells Fargo was tarnished, and it took many years to rebuild.

Another more recent example of the effects of experiencing a reputational risk occurred at Anheuser-Busch. Several individuals responsible for the Bud Light brand decided to put an image of Dylan Mulvaney on a Bud Light can.[76] Mulvany is a trans woman. Many existing Bud Light customers rejected the brand and refused to purchase the beer.[77] One may agree or disagree with the decision of existing Bud Light customers to boycott the brand, but the fact is that the action reduced Bud Light's revenues by tens of millions of dollars.[78]

Although a compliance program can serve as a framework to reduce reputational risk, reputational risks are hidden and hard to predict.[79] As Donald Rumsfeld once said before Congress, there are the known knowns, the known unknowns, and the unknown unknowns.[80] Unfortunately, reputational risks seem to be unknown unknowns. If there is a way to identify reputational risk, one must think outside the box, way outside the box. Even so, reputational risks may raise their ugly heads at the most inopportune moments when they are least expected. To discover potential reputational risks, one must be able to think negatively without being negative. The problem is that the individual who performs such an exercise may be thought of by their peers as being negative and not a team player. Not many people can perform the exercise in a corporate environment due to their desire to become successful at the company. It is the nature of reputational risk.

Strategic Risk

Strategic risk concerns "the internal and external events that may make it difficult, or even impossible, for an organization to achieve its objectives and strategic goals."[81] These risks may have severe long-term consequences. Strategic risk at the corporate level affects the development and implementation of a firm's strategy.[82] Deloitte expanded the definition of strategic risk, observing that these risks can also be "created by an organization's business strategy and strategic objectives."[83] Finally, Louisot and Ketcham stated that strategic risks are associated with adopting or not adopting the correct strategy for an organization or, once adopted, not adapting the chosen strategy in response to competition or other forces.[84]

Strategic risk differs from operational risk, which is discussed in the following subsection. Some of the key differences are included in Table 1.[85]

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[75] SEC Staff, Wells Fargo & Company, *United States Securities and Exchange Commission* (n.d.), *available at* https://www.sec.gov/Archives/edgar/data/72971/000119312517118654/d375947ddefa14a.htm.

[76] Amanda Holpuch, Behind the Backlash Against Bud Light, *The New York Times* (Nov. 21, 2023), *available at* https://www.nytimes.com/article/bud-light-boycott.html.

[77] *Id.*

[78] *Id.*

[79] Robert G. Eccles, Scott C. Newquist, & Roland Schatz, Reputation and Its Risks, *Harvard Business Review* (Feb. 2007), *available at* https://hbr.org/2007/02/reputation-and-its-risks.

[80] DOD Staff, DoD News Briefing - Secretary Rumsfeld and Gen. Myers, *United States Department of Defense* (Feb. 12, 2002), *available at* https://web.archive.org/web/20160406235718/http://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=2636.

[81] Abbie Glossip, Strategic Risk: A Quick Guide, *Ideagen* (Jun.11, 2021), *available at* https://www.ideagen.com/thought-leadership/blog/strategic-risk-a-quick-guide#:~:text=Strategic%20risk%20refers%20to%20the,organizations%20in%20the%20long%20term.

[82] Alexander Roberts, William Wallace, & Neil McClure, Strategic Risk Management, *Heriot-Watt University: Edinburgh Business School* (Jan. 2012), *available at* https://ebs.online.hw.ac.uk/documents/course-tasters/english/pdf/h17rk-bk-taster.pdf.

[83] Deloitte Staff, Exploring Strategic Risk: 300 Executives Around the World Say Their View of Strategic Risk Is Changing, *Deloitte Touche Tohmatsu Limited* (2013), *available at* https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Governance-Risk-Compliance/dttl-grc-exploring-strategic-risk.pdf.

[84] JEAN-PAUL LOUISOT, & CHRISTOPHER H. KETCHAM. ERM – ENTERPRISE RISK MANAGEMENT: ISSUES AND CASES (John Wiley & Sons Publishing Mar. 2104).

[85] Abbie Glossip, *supra*, note 82.

Table 1. Differences Between Strategic and Operational Risk

Strategic Risk	**Operational Risk**
Related to strategic decisions or objectives established by the board of directors	They are broad in scope and related to systems, processes, and products
Are long-term and affect an organization's future	Are short-term, affecting daily activities
Looks at risk from a high-level	Looks at risk from a low or ground-level

Examples of strategic risks include:[86]

- Unclear or poorly made strategic decisions;
- Senior management and leadership changes;
- New products or services;
- Changes in technology;
- Unsuccessful mergers and acquisitions;
- Market or industry changes;
- Shifts customer needs or expectations;
- Supplier and other stakeholder problems;
- Financial challenges;
- Failure to adapt to a changing environment;
- Keeping up with competitors; and
- Company reputational damage.

Operational Risk

Various operational risks exist, including transaction risk, human error, lack of monitoring, improper storage, failure to audit access, and misconfiguration. Transaction risk is due to "exposure to uncertainty factors that may impact the expected return from a deal or transaction. It can include, but is not limited to, foreign exchange, commodity, and time risks."[87] Transaction risk deals with all adverse events that may prevent a deal from occurring. Human error occurs when an individual makes a mistake for one reason or another. Phishing and social engineering are cybercriminal activities that may cause employees to make mistakes. To avoid human error, employees should be trained to recognize common cyberattacks and how to avoid becoming victims.[88] Financial compliance laws and regulations demand that data be monitored. Data administrators should search for active threats and receive alerts when a data breach is discovered. By combining for active threats and obtaining alerts, administrators may be able to reduce the severity of a data breach, thereby reducing possible governmental fines and requirements.[89]

Personally identifiable information, corporate confidential information, and other sensitive data should be encrypted to lessen the effect of a data breach. Storing data in clear text format invites a data breach.[90] Only authorized and authenticated users should be able to access data. When an individual accesses data, that retrieval should be recorded in a log. The access logs constitute audit trails that can be successfully employed during data breach analysis. Financial compliance laws and regulations usually mandate the logs.[91] As strange as it may seem, a computer network misconfiguration can result in a data breach. Thus, to ensure that a network configuration is robust and reliable, test configurations should be thoroughly reviewed across an environment, verifying that they can detect and resist various potential data breaches.[92]

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[86] *Id.*
[87] CFI Team, Transaction Risk, *Corporate Finance Institute* (n.d.), *available at* https://corporatefinanceinstitute.com/resources/valuation/transaction-risk/#:~:text=Transaction%20Risk%20is%20the%20exposure,prevent%20a%20deal%20from%20happening.
[88] Proof Point Staff, What Is Compliance Risk?, *Proof Point* (n.d.), *available at* https://www.proofpoint.com/us/threat-reference/compliance-risk#:~:text=Compliance%20risk%20is%20an%20organization's,protect%20people%20and%20sensitive%20data.
[89] *Id.*
[90] *Id.*
[91] *Id.*
[92] *Id.*

Compliance Risk

Compliance or regulatory risk is the "threat to an organization's finances, organization, and reputation due to violations of rules, regulations, and laws governing its activity."[93] Compliance risk may attract government regulators, resulting in fines, penalties, and civil and criminal court proceedings.[94] If a compliance failure occurs, a firm may be exposed to reputational risk, which can affect the organization's stock price and the public's perception of its products or services, alienating customers and employees.[95] A compliance failure may also result in fines, penalties, legal action, and loss of opportunities.[96]

Examples of compliance risk include:[97]

- Data privacy breaches, such as failing to comply with data protection laws like GDPR or CCPA;
- Financial reporting errors, such as misreporting financial information that can lead to regulatory scrutiny;
- Anti-corruption violations that engage in bribery, money laundering, or other corrupt practices.
- Failure to meet industry standards by not adhering to specific industry regulations or guidelines.

Regardless of location or jurisdiction, organizations need to implement robust compliance programs to identify, assess, and mitigate compliance risks. The critical components of a compliance program are:[98]

- Understanding regulations by staying informed about applicable laws and regulations;
- Implementing adequate internal controls to ensure compliance;
- Regular monitoring and testing of compliance controls;
- Providing adequate employee training on compliance requirements; and
- Conducting regular and periodic internal and external audits to assess compliance.

The types of compliance risks are: (1) legal compliance risk, which is the risk of non-compliance with laws and regulations;[99] (2) operational compliance risk, which is the risk of non-compliance with internal policies and procedures;[100] and (3) ethical compliance risk, which is the risk of non-compliance with ethical standards.[101]

HISTORICAL BACKGROUND

This section provides background information about the BRICS organization. The first subsection addresses the historical reasons why understanding BRICS is essential. The second subsection discusses the significance of BRICS issues, referring to the previous subsection.

Information about BRICS and BRICS+

This subsection contains five subsections. The first subsection provides general information about BRICS and BRICS+. The second subsection highlights the BRICS founding. The third subsection discusses the many countries that are considering becoming BRICS+ members. The fourth subsection features the New International Bank. The fifth subsection talks about other initiatives. The final subsection discusses essential statistics about BRICS and BRICS+.

General Information

BRICS is an international organization that originally consisted of four and then five countries: Brazil, Russia, India, China, and South Africa.[102] The five newcomers to BRICS include the Arab Republic of Egypt (Egypt), the Federal Democratic Republic of

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[93] Dow Jones Staff, What is Risk Compliance?, *Dow Jones & Company, Inc.* (2025), *available at* https://www.dowjones.com/professional/risk/glossary/risk-glossary-risk-management-compliance-risk/#:~:text=Compliance%20risk%20is%20the%20threat,civil%20and%20criminal%20court%20proceedings.
[94] *Id.*
[95] *Id.*
[96] *Id.*
[97] RADD Staff, 10 Most Common Compliance Risks and How to Avoid Them, *Risk Advisory, Direction & Delivery* (2025), *available at* https://raddllc.com/10-most-common-compliance-risks-and-how-to-avoid-them/.
[98] Libby Bevin, What Is a Compliance Risk Assessment?, *ZenGRC* (Sep. 15, 2023), *available at* https://www.zengrc.com/blog/what-is-a-compliance-risk-assessment/.
[99] SailPoint Staff, What Is Compliance Risk?, *SailPoint, Inc.* (n.d.), *available at* https://www.sailpoint.com/identity-library/compliance-risk.
[100] Deloitte Staff, Operational Risk and Compliance: New Paradigms for Synergy, *Deloitte Touche Tohmatsu Limited* (May 2019), *available at* https://www2.deloitte.com/content/dam/Deloitte/us/Documents/finance/us-managing-op-risk-and-compliance-pov.pdf.
[101] Tony Luciani, Defining Compliance Risk Management Best Practices, *Audit Board* (Feb. 20, 2024), *available at* https://www.auditboard.com/blog/compliance-risk-management/.
[102] Kirti Sharma, *supra*, note 1.

Ethiopia (Ethiopia), the Republic of Indonesia (Indonesia), the Islamic Republic of Iran (Iran), and the United Arab Emirates (UAE).[103] [104] The term BRIC was initially coined by the British economist Jim O'Neil and later adopted by his employer, Goldman Sachs.[105] In April 2010, South Africa attended the second BRIC summit, and in December 2010, South Africa joined the organization, which was then renamed BRICS.[106] Egypt, Ethiopia, Iran, and the UAE became BRICS members in 2024.[107] Indonesia officially joined BRICS in early 2025.[108] The new term that informally accounts for the five new members is BRICS+ or BRICS Plus.[109]

Some pundits believe that BRICS is a viable alternative to the G7,[110] whereas others consider it a disjointed conglomeration of countries focused on anti-Western and anti-American goals and objectives.[111] Even so, BRICS has created the New Development Bank,[112] the BRICS Contingent Reserve Arrangement,[113] BRICS Pay (a decentralized and independent payment messaging mechanism system),[114] the BRICS Joint Statistical Publications (a public document of comprehensive statistical data),[115] and the BRICS basket reserve currency.[116]

In the first 15 years of its existence, BRICS created 60 intra-group institutions and think tanks on 34 subjects.[117] It should be remembered that the five original BRICS members and Indonesia are members of the G20.[118] [119] BRICS has received both praise and criticism from various world commentators.[120] This is expected because the world's geopolitical economy is moving from a

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[103] *Id.*
[104] Lauren Mai, The Latest on Southeast Asia: Indonesia joins BRICS, *Center for Strategic & International Studies* (Jan. 16, 2025), *available at* https://www.csis.org/blogs/latest-southeast-asia/latest-southeast-asia-indonesia-joins-brics.
[105] Ye Xie, Goldman's BRIC Era Ends as Fund Folds After Years of Losses, *Bloomberg L.P.* (Nov. 8, 2015), *available at* https://www.bloomberg.com/news/articles/2015-11-08/goldman-s-bric-era-ends-as-fund-closes-after-years-of-losses.
[106] Reuters Staff, What Is BRICS, Which Countries Want to Join and Why?, *Reuters* (Aug. 21, 2023), *available at* https://www.reuters.com/world/what-is-brics-who-are-its-members-2023-08-21/#:~:text=WHO%20ARE%20THE%20MEMBERS%3F,grouping%20became%20known%20as%20BRICS.
[107] EU Staff, Expansion of BRICS: A Quest for Greater Global Influence?, *European Parliament* (Mar. 2024), *available at* https://web.archive.org/web/20240320115227/https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/760368/EPRS_BRI(2024)760368_EN.pdf.
[108] Reuters Staff, Indonesia Joins BRICS Bloc as Full Member, Brazil Says, *Reuters* (Jan. 6, 2025), *available at* https://www.reuters.com/world/indonesia-join-brics-bloc-full-member-brazil-says-2025-01-06/.
[109] Stewart Patrick, BRICS Expansion, the G20, and the Future of World Order, *Carnegie Endowment for International Peace* (Oct. 9, 2024), *available at* https://carnegieendowment.org/research/2024/10/brics-summit-emerging-middle-powers-g7-g20?lang=en.
[110] *Id.*
[111] Keith Johnson, Can BRICS Finally Take On the West?, *Foreign Policy* (Oct. 21, 2024), *available at* https://foreignpolicy.com/2024/10/21/brics-russia-china-kazan-summit-west-dollar/.
[112] NDB Staff, NDB: The 9th NDB Annual Meeting, *New Development Bank* (Aug. 29-31, 2024), *available at* https://www.ndb.int/.
[113] BRICS Staff, Treaty for the Establishment of a BRICS Contingent Reserve Arrangement – Fortaleza, July 15, *BRICS Ministry of External Relations* (Jul. 15, 2014), *available at* https://web.archive.org/web/20150925234418/http://brics.itamaraty.gov.br/media2/press-releases/220-treaty-for-the-establishment-of-a-brics-contingent-reserve-arrangement-fortaleza-july-15.
[114] Jay Holotin, BRICS Pay vs US Dollar vs Euro? What We Know So Far, *Gulf News* (Oct. 29, 2024), *available at* https://gulfnews.com/special-reports/brics-pay-vs-us-dollar-vs-euro-what-we-know-so-far-1.1730120959279.
[115] BRICS Staff, BRICS Statistical Services to Issue Joint Statistical Publication, *BRICS Russia 2024* (Apr. 18, 2024), *available at* https://brics-russia2024.ru/en/news/statisticheskie-sluzhby-briks-vypustyat-sovmestnuyu-statisticheskuyu-publikatsiyu/.
[116] Paolo Raimondi, BRICS: The Role of the Unit of Account for the New "Basket of Currencies", *India Foundation* (Sep. 2, 2023), *available at* https://indiafoundation.in/articles-and-commentaries/brics-the-role-of-the-unit-of-account-for-the-new-basket-of-currencies/.
[117] John Kirton, & Marina Larionova, The First Fifteen Years of the BRICS, 17 *International Organisations Research Journal* 2, 7–30 (2022), *available at* https://iorj.hse.ru/data/2022/10/21/1735543865/1%20Kirton_Larionova.pdf.
[118] G20 Staff, G20 Members, *G20 South Africa 2025* (2025), *available at* https://g20.org/about-g20/g20-members/ (here, the G20 consist of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Türkiye, the United Kingdom, and the United States), the European Union, and since 2023, the African Union).
[119] The Associated Press, The G20 Has Agreed to Make the African Union a Permanent Member, Indian PM Modi Says, *National Public Radio* (Sep. 9, 2023), *available at* https://www.npr.org/2023/09/09/1198619865/g20-african-union-permanent-member.
[120] Hung Tran, The Underestimated Implications of the BRICS Summit in Russia, *Atlantic Council* (Nov. 1, 2024), *available at* https://www.atlanticcouncil.org/blogs/econographics/the-underestimated-implications-of-the-brics-summit-in-russia/.

unipolar world dominated by the United States to a multi-polar world, where nations other than the United States contribute to world geopolitical and economic outcomes.[121]

Founding

BRICS was founded on June 16, 2009, and consisted of Brazil, Russia, India, and China.[122] The ministers of these four countries met in September 2006 at the United Nations (UN) General Assembly in New York City.[123] The organization's first summit was held in Yekaterinburg, Russia, on June 16, 2009, with Luiz Inácio Lula da Silva, Dmitry Medvedev, Manmohan Singh, and Hu Jintao, the ministers of Brazil, Russia, India, and China, and the countries' respective leaders.[124] In the meeting, the discussion centered on how these four nations could further cooperate and participate in more global affairs.[125] After the meeting, the BRIC nations proclaimed the necessity of an alternate world reserve currency to the United States dollar.[126] The announcement did not criticize the dominance of the United States dollar; it did result in a decline in the United States dollar against other currencies.[127] South Africa joined BRIC on December 24, 2010, after China formally invited the country.[128] [129] At that time, the organization was renamed BRICS to recognize South Africa's addition. At the 2011 BRICS summit in Sanya, China, President Jacob Zuma represented South Africa as BRICS's first new full-time member.[130]

New Development Bank

In June 2012, the five BRICS countries promised $75 billion to the International Monetary Fund (IMF), where the injection of this money was contingent on the IMF reforming its processes and procedures.[131] In March 2013, during the fifth BRICS summit in Durban, South Africa, the BRICS nations decided to establish a global bank that would work with the IMF and the World Bank (WB).[132] The New Development Bank officially came into existence in 2014. At the BRICS meeting in July 2014 during its summit in Fortaleza, Brazil, each nation contributed $10 billion in capital to the bank for a total of $50 billion.[133] As a reserve, China pledged $41 billion, Brazil, India, and Russia each committed $18 billion, and South Africa vouched for $5 billion for a total of $100 billion to the New Development Bank.[134] Because China pledged the most money to the new bank, it was decided to locate it in Shanghai, China.[135] In July 2015, the New Development Bank (NDB) officially began operations.[136]

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[122] BRICS Staff, Evolution of BRICS, *BRICS India 2021* (2021), *available at* https://brics2021.gov.in/about-brics#:~:text=After%20a%20series%20of%20high,New%20York%20in%20September%202010.

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[124] Reuters Staff, BRIC Demands More Clout, Steers Clear of Dollar Talk, *Reuters* (Jun. 16, 2009), *available at* https://www.reuters.com/article/marketsNews/idUSLG67435120090616/.

[125] *Id.*

[126] Euro News Staff, BRICS Wants More Influence, *Euro News* (Jun. 21, 2009), *available at* https://web.archive.org/web/20090621022125/http://www.euronews.net/2009/06/16/bric-wants-more-influence/.

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[129] Reuters Staff, China Invites South Africa to Join BRIC: Xinhua, *Reuters* (Dec. 24, 2010), *available at* https://www.reuters.com/article/us-bric-safrica-idUSTRE6BN1DZ20101224/.

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[133] Yana Marull, BRICS to Launch Bank, Tighten Latin America Ties, *Yahoo! News* (Jul. 11, 2014), *available at* https://web.archive.org/web/20150712193150/http://news.yahoo.com/brics-launch-bank-tighten-latin-america-ties-034909760.html.

[134] *Id.*

[135] NDB Staff, NDB Headquarters Building Hand-Over and Move-in Ceremony Held in Shanghai, *New Development Bank* (Sep. 28, 2021), *available at* https://www.ndb.int/news/ndb-headquarters-building-hand-over-and-move-in-ceremony-held-in-shanghai/.

[136] BRICS Staff, *supra*, note 123.

Other Initiatives

Beginning in 2011, the Brazilian Institute of Geography and Statistics (IBGE), the Russian Federal State Statistics Service (Rosstat), the Indian Central Statistics Office (ICSO), and Statistics South Africa (SSA) have published an annual joint statistical publication analyzing the financial and economic activities of the BRICS countries.[137] Since 2012, BRICS has been planning a fiber-optic cable system called BRICS Cable to circumvent the United States and the West's dominance in telecommunications. Currently, 10 of the 13 Internet root servers are in the United States, while the remaining three are in Japan, Sweden, and the Netherlands.[138] However, as of 2015, the construction of the cable network had not yet begun, likely because of excessive costs.[139]

In August 2019, a meeting was held in Brasilia, Brazil, where the communication ministers of the BRICS countries signed a Letter of Intent to collaborate in the Information and Communications Technology sector.[140] In 2020, the BRICS summit was conducted virtually in St. Petersburg, Russia, due to COVID-19. The summit discussed how to deal with the pandemic.[141] In the 2021 BRICS summit, Indian Prime Minister Narendra Modi suggested that the World Health Organization conduct a transparent investigation into the origins of COVID-19 with full world cooperation. President Xi Jinping of China advocated that the investigation should not be politicized.[142] In May 2023, notwithstanding the International Criminal Court (ICC) arrest warrant, South Africa gave Vladimir Putin and other Russian officials diplomatic immunity to attend the Fifteenth BRICS summit held in Johannesburg.[143] Even so, Putin attended the proceedings and provided his remarks remotely.[144]

In its first 15 years, BRICS generated hundreds of decisions and complied with most of them. BRICS has created nearly 60 institutions, including think tanks on various subjects.[145] These groups include the BRICS Business Council, the BRICS Think Tanks Council, the BRICS Women's Business Alliance, the BRICS Business Forum, and the BRICS Academic Forum.[146] In 2021, BRICS formally agreed to build a satellite constellation and share remote satellite sensing data using six satellites from China, Russia, and India.[147] [148] Russia suggested that BRICS members could construct a joint research space station.[149] In October 2024, BRICS held its sixteenth summit in Kazan, China. At this meeting, BRICS announced the BRICS Deep-Sea Resources International Research Center and the BRICS Digital Ecosystem Cooperation Network.[150]

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[137] *See generally*, BRICS Staff, *supra*, note 116.

[138] Mallory Runyan, A Brief Review of DNS, Root Servers, Vulnerabilities and Abilities and Decentralization, *Old Dominion University: 2022 Fall Cybersecurity Undergraduate Research Projects* (2022), *available at* https://digitalcommons.odu.edu/cgi/viewcontent.cgi?article=1014&context=covacci-undergraduateresearch#:~:text=In%20total%2C%20the%20United%20States,of%20DNS%20and%20Root%20Servers.

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[142] *Id.*

[143] Kate Hairsine, South Africa's Diplomatic Dilemma with Putin, *Deutsche Welt* (Jun. 2, 2023), *available at* https://web.archive.org/web/20230612222322/https://www.dw.com/en/south-africas-diplomatic-dilemma-with-putin/a-65804176.

[144] Kate Bartlett, Putin Won't Attend a South Africa Summit Next Month, Avoiding Possible Arrest, *National Public Radio* (Jul. 19, 2023), *available at* https://www.npr.org/2023/07/19/1188568761/russia-putin-south-africa-brics-summit.

[145] John Kirton, & Marina Larionova, *supra*, note 118.

[146] John Curtis, The BRICS Group: Overview and Recent Expansion, *House of Commons Library* (Nov. 11, 2024), *available at* https://researchbriefings.files.parliament.uk/documents/CBP-10136/CBP-10136.pdf.

[147] Economic Times Staff, BRICS Signs Deal on Cooperation in Remote Sensing Satellite Data Sharing, *The Economic Times* (Aug. 19, 2021), *available at* https://economictimes.indiatimes.com/news/science/brics-signs-deal-on-cooperation-in-remote-sensing-satellite-data-sharing/articleshow/85449130.cms?from=mdr.

[148] Sutirtho Patranobis, 2 Indian Satellites to Be Part of BRICS 'Virtual Constellation': Report, *Hindustan Times* (May 27, 2022), *available at* https://www.hindustantimes.com/world-news/2-indian-satellites-to-be-part-brics-virtual-constellation-report-101653551552685.html.

[149] Chris Lau, Russia proposes joint research module on space station for China, India, Brazil and South Africa, *CNN World* (Jul. 25, 2023), *available at* https://edition.cnn.com/2023/07/25/europe/russia-space-station-module-for-brics-intl-scn-hnk/index.html.

[150] MFA Staff, Foreign Ministry Spokesperson Lin Jian's Regular Press Conference on October 24, 2024, *The People's Republic of China: Ministry of Foreign Affairs* (Oct. 24, 2024), *available at* https://www.mfa.gov.cn/eng/xw/fyrbt/lxjzh/202410/t20241024_11515512.html.

Expansion

In August 2023, during the Fifteenth BRICS summit, the organization announced that the Argentine Republic (Argentina), Egypt, Ethiopia, Iran, the Kingdom of Saudi Arabia (Saudi Arabia), and the UAE were invited to join BRICS.[151] However, after the November 2023 Argentine general election, the country withdrew its membership application.[152] In January 2024, Egypt, Ethiopia, Iran, and the UAE officially became BRICS members, whereas Saudi Arabia delayed its membership. According to Mutethya, the expansion demonstrated a growing international interest in BRICS membership.[153] On October 13, 2024, an additional 13 countries, including the Republic of Belarus (Belarus), Plurinational State of Bolivia (Bolivia), the Republic of Cuba (Cuba), Indonesia, the Republic of Kazakhstan (Kazakhstan), Malaysia (Malaysia), the Federal Republic of Nigeria (Nigeria), the Kingdom of Thailand (Thailand), Republic of Türkiye (Türkiye), the Republic of Uganda (Uganda), the Republic of Uzbekistan (Uzbekistan), and the Socialist Republic of Vietnam (Vietnam), were invited to become "partner countries."[154] Indonesia officially joined BRICS on January 6, 2025, as a full member.[155] Indonesia was the first Southeast Asian nation to join the bloc, establishing its financial and economic ties with India and China. On January 17, 2025, Nigeria became a BRICS partner.[156]

Statistics

BRICS+ countries comprise 46 percent of the world's population compared to 10 percent for the G7 nations.[157] Regarding Gross Domestic Product (GDP) purchasing power parity (PPP) for 2022, BRICS accounted for 31.6 percent of Gross World Product (GWP).[158] According to an IMF forecast for 2027, BRICS+ will make up 37.6 percent of GWP at PPP compared to 28.2 percent for the G7.[159] BRICS encompasses 25 percent of the planet's land mass.[160] BRICS has 1.6 million millionaires, 4,716 centi-millionaires, and 549 billionaires[161] with more than 1,200 satellites in orbit.[162]

Brazil, China, and India are among the world's top 10 countries in population, area, nominal GDP, and PPP GDP.[163] In 2023, Table 2 lists the nominal GDP for the BRICS+ countries, where some of the data for Indonesia and all the data for Iran come from other sources.[164] [165] [166] [167] Tables 2 and 3 also include data on Indonesia, even though the country was not part of BRICS+ in 2023.

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[151] Shweta Sharma, BRICS Countries Agree Historic Expansion as Six New Countries Invited to Join, *The Independent* (Aug. 24, 2023), *available at* https://www.independent.co.uk/news/world/africa/brics-2023-summit-new-members-saudi-uae-iran-b2398553.html.

[152] Jaime Rosemberg, El Gobierno de Javier Milei Oficializó Que la Argentina No Entrará a los BRICS, *La Nacion* (Dec. 29, 2023), *available at* https://web.archive.org/web/20231229134619/https://www.lanacion.com.ar/politica/el-gobierno-de-javier-milei-oficializo-que-la-argentina-no-entrara-a-los-brics-nid29122023/.

[153] Edith Mutethya, More Nations Interested in Joining BRICS, *China Daily* (Jul. 17, 2024), *available at* https://www.chinadaily.com.cn/a/202407/17/WS66971e2da31095c51c50e7ae.html.

[154] Ben Norton, BRICS Grows, Inviting 13 New 'Partner Countries' at Historic Summit in Kazan, Russia, *Geopolitical Economy* (Oct. 26, 2024), *available at* https://geopoliticaleconomy.com/2024/10/26/brics-13-partner-countries-summit-kazan-russia/.

[155] Reuters Staff, *supra*, note 109.

[156] Gov.br Staff, Nigeria Joins BRICS as a Partner Country, *Governo Federal: Ministério das Relações Exteriores* (Jan. 17, 2025), *available at* https://www.gov.br/mre/en/contact-us/press-area/press-releases/nigeria-joins-brics-as-a-partner-country.

[157] Amandine Afota, Valentin Burban, Pavel Diev, Fabio Grieco, Théo Iberrakene, Karine Ishii, Margarita Lopez Forero, Quentin Paul, Frank Sammeth, & Cécile Valadier, Expansion of BRICS: What Are the Potential Consequences for the Global Economy?, *Banque de France Bulletin* (Feb. 13, 2024), *available at* https://web.archive.org/web/20240226083644/https://www.banque-france.fr/en/publications-and-statistics/publications/expansion-brics-what-are-potential-consequences-global-economy.

[158] *Id.*

[159] *Id.*

[160] Emmanuel Frimpong Sarpong, & Hagan Sibiri, Building a Bloc from BRICS: Assessing China's Strategic Interests and Influence, *Africa Policy Research Institute* (Dec. 19, 2024), *available at* https://web.archive.org/web/20241219162830/https://afripoli.org/building-a-bloc-from-brics-assessing-chinas-strategic-interests-and-influence.

[161] H&P Staff, The BRICS Wealth Report, *Henley & Partners* (Jan. 2024), *available at* https://www.henleyglobal.com/publications/brics-wealth-report.

[162] BRICS Staff, BRICS Heads of Space Agencies Meet in Moscow, *BRICS Russia 2024* (May 23, 2024), *available at* https://brics-russia2024.ru/en/news/v-moskve-proshla-vstrecha-glav-kosmicheskikh-agentstv-stran-briks/.

[163] *See generally*, Caleb Silver, The Top 25 Economies in the World, *Investopedia* (Jan. 29, 2025), *available at* https://www.investopedia.com/insights/worlds-top-economies/.

[164] BRICS Staff, BRICS Joint Statistical Publication 2024, *BRICS Russia 2024* (2024), *available at* https://cdn.brics-russia2024.ru/upload/docs/BRICS24_JointStatisticalPublication_FINAL.pdf.

[165] Worldometer Staff, GDP by Country, *Worldometer* (n.d.), *available at* https://www.worldometers.info/gdp/gdp-by-country/.

[166] WF Staff, Which Are the Island Countries of the World?, *World Facts* (Apr. 25, 2017), *available at* https://web.archive.org/web/20171207094959/http://www.worldatlas.com/articles/which-are-the-island-countries-of-the-world.html.

[167] TE Staff, Iran – GDP, *Trading Economics* (n.d.), *available at* https://tradingeconomics.com/iran/gdp-us-dollar-wb-data.html#:~:text=GDP%20(current%20US%24)%20in,Bank%20on%20March%20of%202025.

Table 2. 2023 General Information for the BRICS+ Countries

BRICS+ Countries	Nominal GDP (trillions of US dollars)	Mid-Year Population (millions)	Nominal GDP per Capita (US dollars)	Area of Territory (1,000 square km.)	Population Density (persons per square km)	Economic Classification
Brazil	$2.174	211.7	$10,269	8,510	24.9	Newly Industrialized
Russia	$2.033	146.3	$13,896	17,234	8.5	Emerging
India	$3.568	1,392.3	$2,563	3,287	423.5	Newly Industrialized
China	$17.889	1410.7	$12,681	9,600	146.9	Newly Industrialized
South Africa	$0.381	62.2	$6,125	1,221	50.9	Newly Industrialized
Egypt	$0.393	105.2	$3,736	1,002	104.2	Emerging and Developing
Ethiopia	$0.164	107.5	$1,526	1,151	93.2	Under Developed
Indonesia	$1.371	281.2	$4,876	1,905	147.6	Emerging and Developing
Iran	$0.405	85.3	$4,749	1,631	52.3	Emerging and Developing
UAE	$0.514	10.7	$48,037	71	150.4	Emerging and Developing
Totals	$28.892	3,813,1	$8,253	45,612	83.57	---

Note: All monetary amounts are in 2023 United States dollars.

Based on the information in Table 2, China has the largest economy among the BRICS countries, comprising 61.9 percent of the organization's total GDP. Table 3 displays the nominal GDP for the BRICS+, plus the nominal GDP growth rates.[168] [169] For the total average BRICS+ growth rate of 4.89 percent in Table 3, the percentage is a weighted average, where the weights are the nominal GDP values for the BRICS+ countries. Table 4 lists the comparable information in Table 2, while Table 5 displays the comparable nominal GDP and nominal GDP growth rates for the G7.[170] [171] [172] [173]

Table 3. 2023 Nominal GDP and Nominal GDP Growth Rates for the BRICS+ Countries

BRICS+ Countries	Nominal GDP (trillions of US dollars)	Nominal GDP Growth Rates
Brazil	$2.174	2.9 percent
Russia	$2.033	3.6 percent
India	$3.568	6.6 percent
China	$17.889	5.2 percent
South Africa	$0.381	0.7 percent
Egypt	$0.393	(17.3) percent
Ethiopia	$0.164	41.7 percent
Indonesia	$1.371	5.05 percent
Iran	$0.405	5.04 percent

168 BRICS Staff, *supra*, note 165.
169 Worldometer Staff, Iran-GDP, *Worldometer* (2025), *available at* https://www.worldometers.info/gdp/iran-gdp/#:~:text=GDP%20Growth%20Rate%20in%202023,when%20Real%20GDP%20was%20%24488%2C865%2C000%2C000.
170 Einer H. Dyvik, Gross Domestic Product of G7 Countries 2000-2024, *Statista* (Oct. 28, 2024), *available at* https://www.statista.com/statistics/1370584/g7-country-gdp-levels/.
171 S. Galen, Population of G7 Countries 2000-2023, by Country, *Statista* (Jan. 23, 2025), *available at* https://www.statista.com/statistics/1372441/g7-country-population/.
172 Nation Master Staff, Group of 7 countries (G7): Statistical Profile, *Nation Master* (n.d.), *available at* https://www.nationmaster.com/country-info/groups/Group-of-7-countries-(G7).
173 Einer H. Dyvik, Gross Domestic Product Growth Rates of G7 Countries 2000-2024, *Statista* (Oct 28, 2024), *available at* https://www.statista.com/statistics/1370599/g7-country-gdp-growth/#:~:text=The%20gross%20domestic%20product%20(GDP,Germany%20experienced%20an%20economic%20recession.

UAE	$0.514	3.6 percent
Totals	$28.892	4.89 percent

Note: All monetary amounts are in 2023 United States dollars.

The average BRICS+ nominal GDP growth rate is 4.89 percent. The percentage is a weighted average, where the weights are the 2023 nominal GDP values for the BRICS+ countries.

Table 4. 2023 General Information for the G7 Countries

G7 Countries	Nominal GDP (trillions of US dollars)	Population (millions)	Nominal GDP per Capita (US dollars)	Area of Territory (1,000 square km.)	Population Density (persons per square km)
Canada	$2.14	40.10	$53,567	9,090	4.4
France	$3.05	68.17	$44,741	5,480	12.4
Germany	$4.53	84.48	$53,622	3,490	24.2
Italy	$2.30	58.76	$39,142	2,940	20.0
Japan	$4.27	124.52	$34,292	3,650	34.1
United Kingdom	$3.38	68.35	$49,451	2,420	28.2
United States	$27.72	334.91	$82,769	9,160	36.6
Totals	$47.39	779.29	$60,812	36,230	21.5

Note: All monetary amounts are in 2023 United States dollars.

Table 5 lists nominal GDP in addition to the nominal GDP growth rates for the G7 countries.

Table 5. 2023 Nominal GDP and Nominal GDP Growth Rates for the G7 Countries

G7 Countries	Nominal GDP (trillions of US dollars)	Nominal GDP Growth Rates
Canada	$2.14	1.25 percent
France	$3.05	1.12 percent
Germany	$4.53	(0.26) percent
Italy	$2.30	0.70 percent
Japan	$4.27	1.68 percent
United Kingdom	$3.38	0.34 percent
United States	$27.72	2.89 percent
Totals	$47.39	2.00 percent

Note: All monetary amounts are in 2023 United States dollars.

For the average G7 growth rate of 2.00 percent in Table 5, the percentage is a weighted average, where the weights are the 2023 nominal GDP values for the G7 countries.

In 2024, the unemployment rate for BRICS+ countries was 5.04 percent, while the informality rate, or employment rate lacking legal protection, social security benefits, and employment rights, was 62.44 percent.[174] In 2023, oil production in the BRICS+ countries amounted to 43 percent of world oil production.[175] BRICS+ produces 52 percent of the world's rice, 46 percent of soybeans, and 42 percent of wheat.[176] Thus, according to Seli, who cited the *Economic Intelligence Unit*, the nominal GDP of

[174] ILO Staff, The ILO and the BRICS, *International Labour Organization* (2025), *available at* https://www.ilo.org/about-ilo/ilo-and-multilateral-system/ilo-and-brics#:~:text=The%20unemployment%20rate%20in%20BRICS%20countries%20is%205.04%20%25%20in%202024.&text=The%20jobs%20gap%20rate%20in%20BRICS%20countries%20is%208.63%20%25%20in%202024.&text=The%20youth%20not%20in%20education,countries%20is%2019.16%20%25%20in%202024.&text=The%20informality%20rate%20in%20BRICS%20countries%20is%2062.44%20%25%20in%202024.

[175] David Blackmon, 8 Consequential Energy Implications Of The BRICS Expansion, *Forbes* (Aug. 28, 2023), *available at* https://www.forbes.com/sites/davidblackmon/2023/08/28/8-consequential-energy-implications-of-the-brics-expansion/.

[176] Xuejing Ma, Why Is BRICS So Popular Among Global South Countries?, *International Department, Central Committee of CPC* (Nov. 6, 2024), *available at* https://www.idcpc.org.cn/english2023/opinion/202411/t20241108_165925.html.

BRICS+ will overtake the nominal GDP of the G7 in 2045, where in 2045 the nominal GDP of BRICS+ and the G7 is projected to be $100 trillion.[177]

Significance of BRICS Issues

A separate prediction can be calculated based on the figures in Tables 2 through 5. The critical statistic is the nominal GDP growth rate for the BRICS+ and G7 countries. According to the Rule of 72, the number of years it takes for an economy to double can be approximated by dividing 72 by the growth rate.[178] For example, if nominal GDP grows at 3 percent per year, it will roughly take 24 years (= 72 ÷ 3 percent) to double. According to Tables 2 and 4, the total nominal GDP for the BRICS+ countries is $28.892 trillion, and the total nominal GDP for the G7 countries is $47.39 trillion. In other words, the total nominal GDP amount for the G7 countries is 64.0 percent higher than the total nominal GDP for the BRICS+ countries. However, the weighted average growth rate for the BRICS+ countries is 4.89 percent, whereas the weighted average growth rate for the G7 countries is 2.00 percent. The nominal GDP growth rate for the BRICS+ countries is 144.5 percent higher than that for the G7 countries. Assuming that these are constant during the intervening years, the question is, when will nominal GDP for the BRICS+ countries overtake nominal GDP for the G7 countries?

Table 6. Nominal GDP and Nominal GDP Growth Rates for the BRICS+ Partners

BRICS+ Partner Countries plus Indonesia	Nominal GDP (trillions of US dollars)	Nominal GDP Growth Rates
Belarus	$0.072	3.90 percent
Bolivia	$0.045	3.10 percent
Cuba	$0.107	(1.90) percent
Kazakhstan	$0.263	5.10 percent
Malaysia	$0.400	1.60 percent
Nigeria	$0.364	2.86 percent
Thailand	$0.515	1.89 percent
Türkiye	$1.118	5.16 percent
Uganda	$0.049	5.30 percent
Uzbekistan	$0.102	6.30 percent
Vietnam	$0.430	5.05 percent
Totals	$3.465	3.77 percent

Note: All monetary amounts are in 2023 United States dollars.

When applying the Rule of 72, for the BRICS+ countries, nominal GDP will double in 14.72 years (= 72 ÷ 4.89 percent), whereas for the G7 countries, nominal GDP will double in 36 years (= 72 ÷ 2.00 percent). According to the Rule of 72, in about 17.7 years, or in September 2040 (=2023 + 17.7), the BRICS+ and the G7 countries will have almost the same nominal GDP at approximately $67.282 trillion. The amount of nominal GDP is different ($100 trillion v. $67.282 trillion), and the year 2045 seems to be high.

Suppose BRICS+ accepts all eleven BRICS+ partners. In 2023 dollars, Table 6 contains the nominal GDP and the nominal GDP growth rate for the BRICS+ partner countries and their GDP growth rates.[179] The average nominal GDP growth rate for the eleven BRICS+ partners is 3.77 percent. The percentage is a weighted average, where the weights are the 2023 nominal GDP values for the BRICS partner countries plus Indonesia.

Because compounding occurs, small growth rate changes can significantly change how long an economy takes to double.[180] In this instance, the nominal GDP growth rate for BRICS+ countries and BRICS+ partners is 4.77 percent. However, the 2023 nominal GDP increase to $32.357 trillion more than offsets the new combined nominal GDP growth rate of 4.77 percent. In this instance, the Rule of 72 indicates that the combined nominal GDP for the BRICS+ countries and the BRICS+ partners will overtake the G7 nominal GDP in 14.2 years or in February 2037. This result means that the *Economic Intelligence Unit's* estimate of the year 2045

[177] Yeshi Seli, Why BRICS Is a Counterweight to 'Group of Seven' Rich Nations, *The New Indian Express* (Oct. 26, 2024), *available at* https://www.newindianexpress.com/explainers/2024/Oct/27/why-brics-is-a-counterweight-to-group-of-seven-rich-nations.

[178] Will Kenton, The Rule of 72: Definition, Usefulness, and How to Use It, *Investopedia* (May 31, 2024), *available at* https://www.investopedia.com/terms/r/ruleof72.asp.

[179] Worldometer Staff, GDP by Country, *Worldometer* (n.d.), *available at* https://www.worldometers.info/gdp/gdp-by-country/.

[180] Will Kenton, *supra*, 179.

likely presumes that not all of the BRICS+ partners will eventually become BRICS+ members.[181] However, if the past indicates future events, only a few countries will decline membership, but most countries will join the organization. In fact, according to Yiemeru, in terms of global GDP, the BRICS+ countries will likely overtake the G7 by 2028, or nine years before the estimate calculated in this essay.[182] If Yiemeru is correct, the nominal GDP growth rate for the BRICS+ countries is much higher than the two estimates discussed above.

From a likelihood perspective, the three estimates listed above can be reasonably classified as optimistic (2028), most likely (2037 or 2040), and pessimistic (2045). Table 7 summarizes this information.

Table 7. Likely Year that BRICS+ Nominal GDP Exceeds G7 Nominal GDP

Likelihood	Expected Year	Source
Optimistic	2028	Yiemeru's Estimate
Most Likely	2037.2	Rule of 72 Applied to BRICS+ Countries plus BRICS+ Partners Estimate
Most Likely	2040.7	Rule of 72 Applied to BRICS+ Countries without the BRICS+ Partners Estimate
Pessimistic	2045	Seli's Estimate

The three-point estimation formula in project management, commonly used in the Program Evaluation Review Technique (PERT) calculates an expected value using the optimistic, most likely, and pessimistic estimates. The formula is:[183]

$$Expected\ Value = \frac{Optimistic\ Value + (4 * Most\ Likely\ Value) + Pessimistic\ Value}{6}$$

The standard deviation is:[184]

$$Standard\ Deviation = \frac{Pessimistic\ Value - Optimistic\ Value}{6}$$

Using the data from Table 7, notice that there are two most likely values, depending on whether the Rule of 72 is applied only to the existing BRICS+ countries or the existing BRICS+ countries plus the BRICS+ partners. The standard deviation remains the same regardless of the most likely value used. In the first instance, the expected value is 2037.0, whereas the second expected value is 2039.3. In both instances, the standard deviation is 2.83 years. The 95 percent confidence intervals[185] are (2030.5, 2042.8) and (2035.1, 2046.3). If all of the BRICS+ partners become full members, the optimistic and pessimistic values listed in Table 7 are outside the 95-percent confidence interval and have less than a 2.5 percent chance of occurring. However, if none of the BRICS+ partners, then only the optimistic estimate of 2028 has less than a 2.5-percent chance of occurring, whereas the pessimistic estimate of 2045 is within the 95-percent confidence interval, meaning that it is a probable scenario. Thus, given the three estimates in able 7, the Rule of 72 estimates of when the nominal GDP of BRICS+ will overtake the nominal GDP of the G7 are the more likely alternatives.

It should be remembered that financial compliance is not the same as effective risk management.[186] Even so, financial compliance regulations and frameworks are a barometer for financial best practices. However, even in an international setting, checkbox compliance is a façade, not the path to robust financial compliance and effective risk management. Suppose it is accepted that

[181] Yeshi Seli, *supra*, note 178.

[182] Dereje Yiemeru, Why BRICS+ Is Suddenly Running Everything?, *Russia Today* (Apr. 3, 2025), *available at* https://www.rt.com/africa/615085-brics-is-determinant-global-economy/.

[183] HAROLD KERZNER, PROJECT MANAGEMENT: A SYSTEMS APPROACH TO PLANNING, SCHEDULING, AND CONTROLLING (John Wiley & Sons Publishing 13th ed, March 2, 2022).

[184] *Id.*

[185] MICHAEL SMITHSON, CONFIDENCE INTERVALS (QUANTITATIVE APPLICATIONS IN THE SOCIAL SCIENCES) (Sage Publications November 12, 2002).

[186] *See generally*, Cyentia Staff, The State of Noncompliance in Cyber Risk Management, *Cyentia Institute* (n.d.), *available at* https://www.riskrecon.com/the-state-of-noncompliance-in-cyber-risk-management?hsCtaTracking=7284f8d1-217f-4608-9558-8be4b07e9615%7C2dca67c7-c371-4417-a15a-7f5496021403.

compliance risk is the threat of failing a mandated compliance regime, resulting in adverse effects. In that case, it is not unreasonable to conclude that the failure of organizations inside BRICS+ nations to manage compliance risk indicates the potential challenges in other parts of an international organization's risk profile.[187] This is the scope of the problem that BRICS+, G7, and other national governments face.

RESEARCH METHODOLOGY

This research methodology section states the problem of whether various compliance risks require different mitigation strategies and frameworks. A restatement of the hypotheses to be tested is listed. The qualitative methodology is discussed, observing that a doctrinal and non-doctrinal legal research approach will be used. The methodological assumptions and limitations are highlighted. Finally, the relevant ethical assurances are explained, including respect for persons and their autonomy, informed consent, beneficence and non-malfeasance, justice, trust, fidelity to good research, and resolving ethical conflicts and dilemmas.

Restatement of the Problem

As previously stated, this paper examines whether the BRICS countries possessed financial compliance regulations and laws similar to those in the West, particularly the United States. A qualitative analysis is required because financial compliance significantly varies among the BRICS countries. The literature review demonstrates that financial compliance in the BRICS countries is worthy of investigation.

Restatement of the Research Question and Hypotheses

The research question guiding this study is: Whether financial compliance is adequately addressed in the BRICS+ countries. The data are analyzed to explore the following hypothesis:

H0: Financial compliance in the BRICS+ countries is not adequately addressed.

H1: Financial compliance in the BRICS+ countries is adequately addressed.

The focus of the study was to qualitatively decide whether H0 could be rejected in favor of H1. The research intended to establish that financial compliance in the BRICS+ countries is adequately addressed.

Methodological Description of the Research

There are two categories of legal research: doctrinal and non-doctrinal.[188] Doctrinal or theoretical legal research discusses the law in a particular area.[189] The researcher collects and then analyzes case law and relevant legislation, typically from a historical perspective. This type of research usually includes secondary sources such as journal articles or other written information regarding the case law and legislation. This type of research aims to describe a body of law and how it applies in particular circumstances.[190] In doctrinal research, the researcher offers an analysis of the law to show how it has developed in terms of judicial reasoning and legislative enactment. Thus, doctrinal research can be viewed as normative or purely theoretical research.[191]

In contrast, non-doctrinal legal research can be categorized into problem, policy, and law reform-based research.[192] Although these three categories are not mutually exclusive, they can be grouped because they are frequently linked. Dobinson and Johns pointed out that doctrinal and non-doctrinal (i.e., problem, policy, and law reform) legal research can exist in a legal research project. For example, the researcher could start by determining the existing law in a particular area (doctrinal). This research can be followed by understanding the problems currently affecting the law, the policy foundations of the existing law, and outlining current flaws in the law. Finally, the research can turn to advocate for proposed changes to the law (law reform).[193]

In this study, doctrinal research will be followed by non-doctrinal research. First, the piece will examine the historical background of compliance risk and various international laws and compliance frameworks. The study will also discuss the significance of compliance, highlighting the state of non-compliance internationally. Second, in the literature review, the study will demonstrate how to calculate compliance risk and describe the types of compliance risks, mitigation strategies, and compliance frameworks. Third, the essay will discuss various international laws and regulations. This is the doctrinal part of this research study.

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[187] *Id.*
[188] Ian Dobinson, & Francis Johns, *Legal Research as Qualitative Research*, *in* RESEARCH METHODS FOR LAW (Mike McConville, & Wing Hong Chui eds. 2nd ed. 2017), *available at* https://bridgecollege.net/download/96/research-methods/6374/research_method_for_law.pdf.
[189] *Id.*
[190] *Id.*
[191] *Id.*
[192] *Id.*
[193] *Id.*

In the non-doctrinal portion of this paper, problem, policy, and legal reform issues will be considered in the findings and discussion section. The study will perform qualitative content analysis, which involves a "process designed to condense raw data into categories or themes based on valid inference and interpretation."[194] This process employs inductive reasoning whereby themes and categories emerge from the data.[195] Deductive reasoning may also be used in qualitative content analysis. When examining various cases, a narrative analysis will be employed to see if there are common threads in the fact patterns. Narrative analysis is a set of analytic methods for interpreting texts or visual data in a storied form.[196] In legal opinions, judges describe the events that precipitated the case before the court. This data will be used to find common compliance themes.

Methodological Assumptions and Limitations

The purpose of this subsection is to discuss the methodological assumptions and limitations of this study. First, because this study was primarily qualitative versus quantitative, there was no need to address multicollinearity, heteroscedasticity, or autocorrelation issues. The four types of validity are conclusion validity, internal validity, construct validity, and external validity.[197] Conclusion validity asks whether there is a relationship between compliance risk and mitigation strategies and compliance frameworks.[198] According to Trochim, a study could be subject to internal validity issues if a historical event affects the research outcome.[199] Maturation, mortality, and selection threats did not exist because the study examined the data afterward.[200] A regression threat was absent because the study did not employ statistical methods.

Construct validity concerns how well the operational model measures the theoretical model.[201] Given McCauley's analysis of a compliance framework, construct validity is probably not an issue.[202] External validity involves generalizing the study's results to other people, places, times, mitigation strategies, and frameworks.[203] External validity issues are the selected mitigation strategies, compliance frameworks, federal and state laws and regulations, and cases. Other factors that could threaten external validity are the culture of the organizations or when the mitigation strategies or compliance frameworks became effective.[204] Because the study was qualitative and done after the fact, little, if anything, could have been done to mitigate external validity.

Ethical Issues

This paper is a qualitative versus a quantitative study. Even so, various ethical issues need to be discussed. First, Smith stated that researchers should respect participants because they are worthy of respect regardless of their immaturity, incapacity, or other circumstances that limit their liberty, independence, and freedom.[205] However, the study did not directly collect data from participants, so there is no need to obtain informed consent. Second, there are no beneficence and non-malfeasance issues because the individual data are not being gathered. Third, the *Compact Oxford English Dictionary* defines justice as the quality of being just or "the administration of law or some other authority according to the principles of just behavior or treatment."[206] Again, justice is a non-issue because no data was collected from participants.

Fourth, trust is an issue that bears discussion. For this article, there was no intention to deceive the reader. Any cases, statutes, rules, or regulations described and analyzed herein were presented in the appropriate light. Risk compliance, mitigation strategies, and compliance frameworks were discussed in the appropriate light, where they were examined with either no bias or minimal bias. Attempts were made to minimize this potential bias. Finally, ethical conflicts can appear no matter how much a researcher attempts to be fair, just, and honest. Even so, serious efforts were exerted to remove or minimize any ethical biases to the fullest extent possible.

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[194] Yan Zhang, & Barbara M. Wildemuth, *Qualitative Analysis of Content*, *in* APPLICATIONS OF SOCIAL RESEARCH METHODS TO QUESTIONS IN INFORMATION AND LIBRARY SCIENCE (Barbara M. Wildemuth, ed. 2009. pp. 1-12), *available at* https://www.scirp.org/(S(vtj3fa45qm1ean45vvffcz55))/reference/ReferencesPapers.aspx?ReferenceID=675664.

[195] *Id.*

[196] Lia Figgou, Vassilis Pavlopoulos, *Social Psychology: Research Methods*, *in* INTERNATIONAL ENCYCLOPEDIA OF THE SOCIAL & BEHAVIORAL SCIENCES (James D. Wright ed. 2nd ed. 2015), *available at* https://www.sciencedirect.com/referencework/9780080970875/international-encyclopedia-of-the-social-and-behavioral-sciences.

[197] WILLIAM K. TROCHIM, THE RESEARCH METHODS AND KNOWLEDGE BASE (Atomic Dog Publishing 2001).

[198] PAUL COZBY, METHODS IN BEHAVIORAL RESEARCH (McGraw-Hill Publishers 2004).

[199] William K. Trochim, *supra*, note 198.

[200] *Id.*

[201] *Id.*

[202] Marissa McCauley, *3 Steps to Building a Compliance Framework*, LINKEDIN.COM (May 6, 2020), *available at* https://www.linkedin.com/pulse/3-steps-creating-compliance-framework-marissa-mccauley/.

[203] William K, Trochim, *supra*, note 198.

[204] *Id.*

[205] M. B. Smith, *Moral Foundations of Research with Human Participants*, *in* ETHICS IN RESEARCH WITH HUMAN PARTICIPANTS 3-10 (Bruce D. Sales, & Susan Folkman eds., 2000).

[206] *Justice*, COMPACT OXFORD ENGLISH DICTIONARY 608 (Oxford University Press 2nd ed. 2003).

LITERATURE REVIEW

In this literature review, there are 10 subsections. The first five subsections deal with the financial compliance of the original five BRICS nations: Brazil, Russia, India, China, and South Africa. The remaining five subsections scrutinize financial compliance for the five countries that recently became members of BRICS+: Egypt, Ethiopia, Indonesia, Iran, and the UAE. The 13 states that are currently BRICS+ partners are not discussed because they are not full BRICS+ members.

The first subsection addresses financial compliance in Brazil. The second subsection talks about financial compliance in Russia. The third subsection discusses financial compliance in India. The fourth subsection examines financial compliance in China. The fifth subsection reviews financial compliance in South Africa. The sixth subsection deliberates on financial compliance in Egypt. The seventh subsection focuses on financial compliance in Ethiopia. The eighth subsection assesses financial compliance in Indonesia. The ninth subsection concentrates on financial compliance in Iran. The final subsection investigates financial compliance in the UAE.

Financial Compliance in the Federative Republic of Brazil

This subsection is broken up into four further subsections. The first subsection provides an overview of Brazil's financial system, while the second outlines Brazil's regulatory framework. The third subsection addresses Brazil's regulatory authorities, whereas the fourth talks about Brazil's key financial compliance laws and regulations.

Brazilian Overview

In Brazil, the Sistema Financeiro Nacional (SFN) operates under the Conselho Monetário Nacional (CMN), the Banco Central do Brasil (BCB), and the Comissão de Valores Mobiliários (CVM), which has established the financial compliance regulations, such as AML, and anti-terrorism financing (ATF) rules.[207] Prudential banking regulations are top-level regulations proposed by the BCB and then approved by the CMN. Regulations accepted by the BCB's Board of Governors and within the scope of its regulatory powers have been published since mid-2020 as BCB Resolutions. Before mid-2020, BCB regulations were denoted by "Circulars."[208]

Brazilian Regulatory Framework

Brazilian financial organizations are divided into five segments, S1 to S5, depending on their risk profile and international operations.[209] This classification ensures proportionality and effectiveness. Institutions exposed to more risk or international activity (S1) must comply with comprehensive and complex regulations. On the other hand, entities with less risk exposure (S5) must comply with more straightforward rules.[210]

In Brazil, the primary goals of financial compliance proportionality include:[211]

- Achieving an effective and efficient regulatory framework to maintain financial stability and a level playing field;
- Reducing barriers to entry, thereby encouraging competition;
- Allowing for efficient use of financial and supervisory resources at the Central Bank;

The BCB periodically reveals what institutions belong to the S1 through S5 financial segments to warrant proportional regulation under Art. 9 of Resolution 4,553 of January 30, 2017.[212]

Brazilian Regulatory Authorities

The CMN establishes high-level financial regulations, whereas the BCB supervises the SFN by offering prudent regulations to the CMN.[213] The CMN aims to stimulate the economy and society by establishing monetary, credit, and exchange rate policies and guidelines.[214] As the governmental body coordinating macroeconomic policy, the CMN determines the inflation target, exchange rate policy guidelines, and general regulations for financial activities.[215]

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207 BCB Staff, Regulation, *Banco Central do Brasil* (Sep. 2024), *available at* https://www.bcb.gov.br/en/financialstability/regulation.
208 *Id.*
209 *Id.*
210 *Id.*
211 *Id.*
212 *Id.*
213 *Id.*
214 BCB Staff, National Financial System (SFN), *Banco Central do Brasil* (n.d.), *available at* https://www.bcb.gov.br/en/financialstability/nationalfinancialsystem.
215 *Id.*

The BCB regulates and supervises the SFN and proposes banking prudential regulations to the CMN. The CMN, BCB, and the CVM collectively make Brazilian regulatory decisions within their domain.[216] Their judgments are based on technical analyses and international regulatory standards. Depending on the complexity or impact of a suggested regulation, proposed rules are subject to public review before implementation. A potential regulation is usually disclosed via the BCB website (Busca de Normal), the Brazilian Official Gazette, the BCB Email System (BC Correio), and the BCB Information System (Sisbacen).[217] The latter three are available only in Portuguese.

The CVM is the governmental authority that regulates Brazilian capital markets and their participants.[218] This encompasses stock exchanges, public companies, financial intermediaries, and investors. The CVM is an independent agency affiliated with Brazil's Ministry of Finance.[219]

The Conselho de Controle de Atividades Financeiras (CCAF) is Brazil's Financial Intelligence Unit that receives and analyzes financial transaction information that may be linked to money laundering.[220] The CCAF disseminates its analyses to the appropriate government authorities when there are reasons to believe that money laundering or terrorist financing exists. In 1998, the COAF was created under the Ministry of Finance to look for suspicious illegal activities related to money laundering.[221] Its organization, structure, and rules and regulations were enacted between October and December 1998.[222]

Brazilian Key Laws and Regulations

The key laws, decrees, resolutions, and circulars are:

- *Law No. 9,613/1998* – This is Brazil's Anti-Money Laundering Law. It establishes measures to prevent and combat money laundering activities. It outlines AML reporting obligations of financial institutions, casinos, and other designated non-financial businesses and professions (DNFBPs), including customer due diligence, suspicious transaction reporting, and record-keeping requirements.[223]
- *Law No.12,846/2013* – This is Brazil's Clean Company Act. It supports the country's efforts to strengthen its AML and CTF regulatory framework by combating associated financial crimes.[224]
- *Decree No. 8,420/2015* – This decree specifies the regulations for implementing Law No. 9.613/1998. It states reporting requirements for complying with AML obligations. It generated guidelines for risk assessment, customer due diligence procedures, internal controls, and reporting of suspicious transactions.[225]
- *Law No. 13,260/2016* – The Counterterrorism Law establishes measures to prevent and combat terrorism financing activities in Brazil. It criminalizes terrorism financing by stipulating penalties for individuals or entities engaged in terrorism-related offenses. The law also deals with terrorist financing investigations, asset freezing, and international cooperation in counterterrorism efforts.[226]
- *Resolution No. 29/2017* – This resolution from the CMN generated guidelines for preventing and combating money laundering and terrorism financing. Financial organizations must implement risk-based approaches to AML/CTF compliance, conduct customer due diligence, and report suspicious transactions to the COAF.[227]
- *Resolution No. 25/2019* – This CMN resolution amended previous regulations related to AML/CTF compliance for financial entities. It revises the requirements for customer identification, beneficial ownership information, and risk assessment procedures by enhancing ALM/CTF rule effectiveness.[228]

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[216] BCB Staff, *supra*, note 208.
[217] *Id.*
[218] CGC Staff, Comissão de Valores Mobiliários (CVM), *Columbia Global Centers* (n.d.), *available at* https://globalcenters.columbia.edu/content/comissao-de-valores-mobiliarios-cvm#:~:text=Coordination%20among%20the%20regulators%20was,same%20term%20applied%20to%20banks.
[219] *Id.*
[220] COAF Staff, About COAF and Money Laundering in Brazil, *Council for Financial Activities Control* (n.d.), *available at* https://www.fazenda.gov.br/siscoaf/ingles/i_about.htm.
[221] *Id.*
[222] *Id.*
[223] AI Staff, Money laundering and terrorism financing laws in Brazil?, *Artic Intelligence* (n.d.), *available at* https://arctic-intelligence.com/countries/compliance-brazil#:~:text=Resolution%20No.,efforts%20to%20combat%20financial%20crimes.
[224] AML Staff, AML Compliance Guidelines: Brazil, *Ant-Money Laundering Watcher* (n.d.), *available at* https://amlwatcher.com/our-coverage/brazil/#:~:text=The%20Central%20Bank%20of%20Brazil%20(BCB)%2C%20an%20independent%20entity,assets%20service%20providers%20(VASPs).
[225] AI Staff, *supra*, note 224.
[226] *Id.*
[227] *Id.*
[228] *Id.*

- *Circular BCB No. 3,978/2020* – Along with Law No. 9,613/1998, the circular includes specific know-your-client procedures, transaction selection, monitoring, and analysis, the reporting of suspicious transaction and all cash transactions over R$ 50,000.00 or higher, and know your bank employees, commercial partners, and outsourced service providers.[229]
- *Law No.14,478/2022* – This law, known as the Cryptocurrency Law, defines virtual assets and activities that make up a Virtual Asset Service Provider (VASP). The Central Bank of Brazil has the authority to license and supervise VASPs. It also amended Article 1 of Law No. 9.613/1998 by prescribing enhanced penalties for money laundering offenses using virtual assets.[230]

Financial Compliance in the Russian Federation

This subsection is divided into four additional subsections. The first subsection summarizes Russia's financial system, while the second highlights Russia's regulatory framework. The third subsection discusses Russia's regulatory authorities, whereas the fourth examines Russia's critical financial compliance laws and regulations.

Russian Overview

Beginning in 2014, the Central Bank of the Russian Federation (CBR) has been the primary national regulator of financial services.[231] The CBR regulates monetary policy, banking, insurance, and other financial markets. The scope of its powers is specified in the Federal Law on the Central Bank of the Russian Federation (Law of the CBR), plus other laws that regulate specific financial services, such as the Law on Countering Money Laundering, the Law on Protection of Consumer Rights, and the Law on Insurance Activity.[232] The State Agency for Health and Consumer Rights and the Federal Antimonopoly Service regulate specific financial products and services in conjunction with the CBR.[233]

Russian Regulatory Framework

The Law of the CBR enumerates the financial market participants supervised by the central bank. Although a description of regulated financial actions occurs in various other laws, here is a list of some of the regulated activities:[234]

- Deposit-taking and on-lending;
- Fund transfers;
- Services on the securities market;
- Insurance-related activities;
- Investment consulting;
- Pension funds management;
- Mutual investment fund management;
- Crowdfunding;
- Credit rating assignment;
- Clearing, settlement, custodian, and trade repository services;
- Marketplace activities; and
- Issuing electronic money.

The CBR regulates 23 types of financial activities, including brokerages, exchanges, clearing and trade repositories, rating agencies, credit bureaus, and pawnbroker activities. It is the only federal agency responsible for regulating these market participants.[235] All regulated financial activities require authorization or a license from the CBR.[236]

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[229] Luiz Roberto de Assis, Fabio Kupfermann Rodarte, & Pedro Campos Ferraz, *Banking Laws and Regulations 2025 – Brazil* (Mar. 11, 2025), *available at* https://www.globallegalinsights.com/practice-areas/banking-and-finance-laws-and-regulations/brazil/#:~:text=Banks%20must%20implement%20and%20maintain,partners%20and%20outsourced%20service%20providers.

[230] AML Staff, *supra*, note 225.

[231] Ivan Semenken, & Marina Kuleshova, Snapshot: The Regulatory Framework for Financial Services Compliance in Russia. *Lexology* (Feb. 24, 2023), *available at* https://www.lexology.com/library/detail.aspx?g=859cbdf5-b870-44fd-9e93-aa7f6f6abb03.

[232] *Id.*

[233] *Id.*

[234] *Id.*

[235] *Id.*

[236] CBR Staff, Central Bank of the Russian Federation, *Bank of Russia* (n.d.), *available at* https://www.cbr.ru/eng/.

Russian Regulatory Authorities

The primary Russian financial regulatory authorities are the CBR and the Federal Financial Monitoring Service (Rosfinmonitoring).[237] The CBR was established on July 13, 1990, tracing its origin to the State Bank of the Russian Empire (SBRE) which was created in 1860[238] during the reign of Czar Alexander II.[239] The CBR is headquartered in Moscow, Russia, and regulates monetary policy, financial stability, and the banking sector.[240] Rosfinmonitoring is the principal ministry or authority in the FATF delegation.[241] It is responsible for fighting money laundering and financial terrorism. The ministries or authorities in the FATF delegation include the Ministry of Foreign Affairs, the Ministry of Defence, the Ministry of Finance, the Russian Government, and the CBR.[242] As of February 23, 2023, the FTAF suspended membership of the Russian Federation due to the hostilities in Ukraine.[243]

Russian Critical Laws and Regulations

Numerous laws regulate specific activities in the Russian financial market, such as:[244]

- The Law on Banks and Banking Activity;
- The Law on Insurance Activity;
- The Law on Microfinance Activity;
- The Law on Non-Governmental Pension Funds;
- The Law on the Securities Market;
- The Law on Investment Funds;
- The Law on Crowdfunding Platforms; and
- The Law on Deal Settlement at the Marketplace.

These laws require CBR authorization to implement more detailed regulations on particular activities. The CBR bylaws demand specific information regarding reporting, business conduct, conflicts of interest, and risk management procedures.[245]

The main financial participant regulatory areas are:[246]

- Authorization procedures;
- Organizational structure or managing bodies;
- Requirements for shareholders or management;
- Changes of control;
- Share capital, owned funds, or financial ratios;
- Internal controls, risk management, and internal audits;
- Business conduct such as service provision, rights of involved persons, or scope of authority;
- Disclosure of information;
- Sanctions for breaking laws or bylaws;
- Reporting issues; and
- Reorganization or liquidation.

Financial Compliance in the Republic of India

This subsection is split into four other subsections. The first subsection outlines India's financial system, while the second delineates the regulatory framework. The third subsection discusses India's regulatory authorities, whereas the fourth examines India's essential financial compliance laws and regulations.

[237] *Id.*
[238] *Id.*
[239] TMORA Staff, Alexander II, 1855-1881, *The Museum of Russian Art* (2016-2025), *available at* https://tmora.org/online-exhibitions/dinner-with-the-tsars-russian-imperial-porcelain/alexander-ii-1855-1881/#:~:text=The%20eldest%20son%20of%20Nicholas,as%20the%20Emancipation%20Edict%20stated.
[240] CBR Staff, *supra*, note 237.
[241] FATF Staff, Russian Federation *Financial Action Task Force* (2024), *available at* https://www.fatf-gafi.org/en/countries/detail/Russian-Federation.html#:~:text=Lead%20Ministry/Authority%20in%20the,The%20FATF.
[242] *Id.*
[243] *Id.*
[244] Ivan Semenken, & Marina Kuleshova, *supra*, note 232.
[245] *Id.*
[246] *Id.*

Indian Overview

The government has established financial rules and regulations in India to ensure financial institutions are accountable and protect consumers' interests.[247] The key governmental agencies are the Reserve Bank of India (RBI) for banking, the Securities and Exchange Board of India (SEBI) for capital markets, and the Insurance Regulatory and Development Authority of India (IRDAI) for insurance. These organizations cooperate to maintain compliance and regulation across the financial sector.[248]

Indian Regulatory Framework

Like the United States, India's financial compliance regulatory framework consists of laws and regulations that have come into being over time, involving a sectoral approach to financial compliance. The regulatory framework must be inferred from the many laws and regulations that address financial affairs. This is likely because India adheres to the British Common Law, a body of initially judge-made law that evolved into statutory law as legislative bodies codified the law.[249] Thus, to understand and appreciate India's financial compliance regulatory framework, one must delve into the nation's laws, coming up with a comprehensive understanding only after a substantial amount of careful study. It is the nature of the Common Law.

Indian Regulatory Authorities

In alphabetical order, the financial regulatory authorities in India are:[250]

- *Clearing Corporation of India Limited* – It is responsible for clearing and settling foreign exchange and money market transactions.
- *Department of Economic Affairs* – The DEA is responsible for fiscal and monetary policies in India.
- *Deposit Insurance and Credit Guarantee Corporation* – The DICGC offers insurance to depositors in case a bank fails or becomes insolvent up to Rs. 5 lakhs per depositor per bank.
- *Financial Stability and Development Council* – The FSDC coordinates and oversees various financial regulatory bodies to ensure financial stability and promote financial sector development.
- *Foreign Exchange Dealers' Association of India* (FEDAI) –This self-regulating entity establishes rules and guidelines for foreign exchange transactions.
- *Forward Markets Commission* – The FMC regulates the commodity futures market.
- *Insurance Ombudsman* – The Insurance Ombudsman is an independent organization that addresses insurance policyholder grievances and resolves them if possible.
- *Insurance Regulatory and Development Authority* – The IRDA regulates life insurance, general insurance, and reinsurance.
- *International Financial Services Centres Authority* – The IFSCA was established in 2020 under the International Financial Services Centres Authority Act, 2019, the IFSCA is responsible for regulating all financial services within the International Financial Services Centre (IFSC) located in GIFT City, Gujarat, India a special economic zone that was set up to promote international financial services in India.
- *Ministry of Corporate Affairs* – The MCA regulates corporate governance, corporate social responsibility, and the formation and management of companies
- *National Bank for Agriculture and Rural Development* – The NABARD regulates and supervises the rural banking sector by providing credit and other support to farmers, rural development organizations, and other rural institutions.
- *National Housing Bank* – The NHB regulates housing finance companies and the housing sector.
- *Pension Fund Ombudsman* – The PFO is an independent grievance redressal mechanism for National Pension System (NPS) and Atal Pension Yojana (APY) subscribers who are between 18 and 40 years old and do not pay income taxes. The PFO investigates and resolves complaints against pension fund managers and other intermediaries.
- *Pension Fund Regulatory and Development Authority* – PFRDA regulates pension funds and the NPS.
- *Reserve Bank of India* –The central bank of India regulates the overall banking sector, including commercial, cooperative, and development banks.

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[247] Akhil Vasudev, How TRAI's Latest Regulations are Redefining Compliance in India's Financial Sector, *Convin* (Oct. 8, 2024), *available at* https://convin.ai/blog/ai-regulation-compliance-in-bfsi#:~:text=%E2%80%8DIn%20India%2C%20key%20bodies%20regulate,regulation%20across%20the%20financial%20sector.

[248] *Id.*

[249] J. Minattur (ed.), Indian Legal System. *U.S. Department of Justice* (1978), *available at* https://www.ojp.gov/ncjrs/virtual-library/abstracts/indian-legal-system#:~:text=India's%20legal%20system%20is%20drawn%20from%20three,does%20not%20have%20a%20dual%20court%20system.

[250] Wikipedia Staff, Financial Regulation in India, *Wikipedia.org* (Jan. 5, 2025), *available at* https://en.wikipedia.org/wiki/Financial_regulation_in_India#:~:text=Foreign%20Exchange%20Management%20Act%2C%201999,%2C%20insurance%2C%20and%20investment%20products.

- *Securities and Exchange Board of India* – The SEBI regulates the securities market, including stock exchanges, brokers, and other intermediaries.
- *Securities Appellate Tribunal* – This quasi-judicial body hears appeals against SEBI's decisions.
- *Small Industries Development Bank of India* – SIDBI financially assists small and medium-sized enterprises (SMEs).

Indian Essential Laws and Regulations

From 1757 to 1858, the British East India Company controlled most of India.[251] After 1858, the British government directly controlled India due to the Sepoy Mutiny, and the country was known as the British Raj.[252] In 1947, India received its independence from Great Britain but remained a member of the British Commonwealth, essentially a collection of former British colonies that were given their independence. During British rule, India adopted the Common Law and the practice of passing laws to govern itself.[253] Thus, India is the beneficiary of the British passion for passing laws to deal with important matters. Here is a list of Indian laws that address financial compliance in chronological order:[254]

- *Negotiable Instruments Act of 1881* – This act governs the use of cheques, bills of exchange, and promissory notes.
- *Indian Stamp Act of 1899* – This act regulates the payment of stamp duty on promissory notes, bills of exchange, and share certificates.
- *Reserve Bank of India Act of 1934* – This act establishes the legal framework for the RBI, the central bank of India.
- *Banking Regulation Act of 1949* – This act empowers the RBI to supervise and regulate the banking sector.
- *Securities Contracts (Regulation) Rules of 1957* – These rules regulate the trading of securities by providing guidelines for how stock exchanges should function.
- *Prevention of Atrocities Act of 1989* – This act prevents offenses against members of Scheduled Castes and Scheduled Tribes by including provisions concerned with financial fraud and the exploitation of these communities.
- *Securities and Exchange Board of India Act of 1992* – This act established the SEBI, which regulates the securities market.
- *Depositories Act of 1996* – This act regulates depositories that hold securities in electronic form and facilitate their transfer.
- *Foreign Exchange Management Act of 1999* – This act regulates foreign exchange transactions in India and aims to facilitate external trade and payments.
- *Insurance Regulatory and Development Authority Act of 1999* (IRDAA) – This act created the Insurance Regulatory and Development Authority (IRDA), which regulates the insurance sector.
- *Prevention of Money Laundering Act of 2002* – This act prevents money laundering and the financing of terrorist activities.
- *Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act of 2002* – This act generates a framework for the securitization and reconstruction of financial assets by enforcing the security interests of financial institutions.
- *Credit Information Companies (Regulation) Act of 2005* – This act regulates credit information companies and promotes responsible lending practices.
- *Micro, Small, and Medium Enterprises Development Act of 2006* – This act encourages small and medium enterprises, including access to credit and other financial services.
- *Payment and Settlement Systems Act of 2007* – This act generates the legal framework for payment and settlement systems, including electronic funds transfer, mobile payments, and card payments.
- *Foreign Contribution (Regulation) Act of 2010* – This act regulates foreign contributions by non-profit organizations to prevent money laundering and financing of terrorism.
- *Companies Act of 2013* – This act controls financial sector companies' formation, management, and operation.
- *Foreign Trade Policy of 2015-2020* – This policy provides a framework for promoting exports and imports, including incentives for exporters and regulations for importers.
- *Insider Trading Regulations of 2015* (ITR) – These regulations prevent insider trading in securities by promoting fair trading practices.
- *National Pension System Trust Regulations of 2015* – These regulations govern how the National Pension System (NPS) functions.
- *Prevention of Insolvency and Bankruptcy Act of 2016* – This act addresses insolvency and bankruptcy proceedings, including debt restructuring and asset liquidation.

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[251] Stanley A. Wolpert, British Raj, *Encyclopedia Britannica* (n.d.), *available at* https://www.britannica.com/event/British-raj.
[252] *Id.*
[253] MAHENDRA PAL SINGH, & NIRAJ KUMAR, THE INDIAN LEGAL SYSTEM: AN ENQUIRY (Oxford University Press Online version Apr. 17, 2019), *available a*t https://doi.org/10.1093/oso/9780199489879.001.0001.
[254] Wikipedia Staff, *supra*, note 250.

- *Public Financial Management System of 2016* – This system is an online system for managing of government finances, including budget preparation, expenditure management, and reporting.
- *Real Estate Regulation and Development Act of 2016* (RERDA) – This act regulates the real estate sector, including registering real estate projects and agents and protecting homebuyers.
- *Consumer Protection Act of 2019* – This protects the rights of consumers, including provisions related to banking, insurance, and investment products.
- *International Financial Services Centres Authority Act of 2019* (IFSCAA) – This law establishes an independent regulatory authority for developing and regulating financial services in International Financial Services Centres (IFSCs).
- *Reserve Bank of India Digital Payment Security Controls Directions of 2021*(RBI-DPSCD) – These directions provide security controls for digital payments that protect users from fraud and other risks.

Financial Compliance in the People's Republic of China

This subsection is separated into four extended subsections. The first subsection gives a synopsis of China's financial system, while the second delimits China's regulatory framework. The third subsection focuses on China's regulatory authorities, whereas the fourth assesses China's vital financial compliance laws and regulations.

Chinese Overview

Effective financial supervision is vital in maintaining financial stability and a robust financial system.[255] Since its March 2023 reforms, China's leadership has focused on making financial risk a core priority.[256] The country has reassigned regulatory responsibilities and created a new supervisory organization that is taking over some of the responsibilities from the central bank and the insurance securities regulators. The idea is to transform the financial supervisory architecture to make China's financial system stable and effective.[257] Whether these efforts will resolve China's core issues remains to be seen.

Traditional regulatory activities were blurred because of China's rapid economic growth, the advent of massive financial conglomerates, and the Internet. The 2018 reforms did not eliminate compliance shortcomings, such as regulating these conglomerates, financial technology (FinTech), and regional banks.[258] China's financial compliance system is streamlined on paper, particularly compared to the United States and the European Union (EU).[259] It should be remembered that China's financial system does not match exactly any of the three supervisory archetypes: sectoral, twin-peaks, or integrated supervision. Because China is a communist nation, its supervisory financial architecture suffers from significant state intervention, mainly by the Communist Party. Even though the recently announced reforms may enhance coordination across central departments and local government entities, the centralized nature of communism may thwart effective implementation, if only because communism is a command-and-control economic and political system.[260] A decentralized system may be advantageous, but it has its own issues.

Chinese Regulatory Framework

China's regulatory financial compliance framework is in a state of flux. The country's compliance framework is being overhauled to ensure its economy continues growing rapidly while maintaining economic and financial stability.[261] After five years of deliberating and revising, China's new Anti-Money Laundering Law was enacted and went into effect on January 1, 2025. The law aligns with the FATF standards, reflecting China's efforts to solidify its AML framework and ensure it aligns with international requirements.[262]

China's AML framework has been a sore spot because it previously received a partial compliance rating with the FATF's fourth-round evaluation.[263] Under the new law, penalties will increase but may be less than penalties imposed by other countries. However, the new AML law instituted serious consequences for insufficient resources for AML functions, a lack of independent testing, or ineffective transaction monitoring.[264] With more significant penalties for restricting business activities, there is additional weight

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255 Martin Chorzempa, & Nicolas Véron, Will China's New Financial Regulatory Reform Be Enough to Meet the Challenges?, *Bruegel* (Mar. 28, 2023), *available at* https://www.bruegel.org/policy-brief/will-chinas-new-financial-regulatory-reform-be-enough-meet-challenges.
256 *Id.*
257 *Id.*
258 *Id.*
259 *Id.*
260 James Chen, What Is Communism? Definition and History, *Investopedia* (Jun.30, 2024), *available at* https://www.investopedia.com/terms/c/communism.asp.
261 Cathy Zhou, China's New AML Law: A Significant Step Forward but Not without Challenges, *Klynveld Peat Marwick Goerdeler, LLP* (2025), *available at* https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2025/01/china-new-aml-law.pdf.
262 *Id.*
263 *Id.*
264 *Id.*

for noncompliance. The shift demonstrates a broader approach to enforcement, where institutions are disciplined for systematic failures, thereby increasing deterrence.[265]

For example, revising the Accounting System for non-governmental organizations (NGOs) was implemented to standardize financial reporting, enhance management practices, and provide a regulatory framework to support NGOs.[266] The compliance framework for China's NGOs is designed to safeguard transparency and accountability in the non-profit sector. Like for-profit entities, non-profits must traverse complex asset classification rules, funding restrictions, and financial reporting by following strict Chinese regulations.[267] Thus, understanding Chinese regulations is critical for organizations to preserve regulatory compliance, thereby sustaining long-term success and credibility.

Chinese Regulatory Authorities

The National Financial Regulatory Administration (NFRA) is a Chinese regulatory agency under the State Council of the People's Republic of China (SC-PRC). The NFRA oversees the banking and insurance sector, not the securities industry.[268] In China, although the China Securities Regulatory Commission (CSRC) regulates securities, the agency has delegated specific activities to the Securities Association of China (SAC), a self-regulatory organization.[269]

In China, an initial public offering (IPO) system was started in 2004, a system that began in Hong Kong in 1999. A firm that desires to be publicly listed in China must be sponsored by a securities company or an investment bank, where the sponsor appoints sponsor representatives to the listing company.[270] In 2012, when SAC began supervising the registration of sponsor representatives, the passing rate for the examination was one percent, whereas the 2010 yearly salary was $1 million.[271]

The NFRA was created on March 10, 2023, and replaced the China Banking and Insurance Regulatory Commission (CBIRC) as part of the Communist Party's plan to take over some roles from the People's Bank of China (PBC) and the CSRC. On May 10, 2023, Yunze Li was appointed as the Chinese Communist Party's committee secretary of the NFRA,[272] and on May 19, 2023, the entity became the NFRA.[273]

The NFRA oversees the enforcement of financial laws and regulations of almost all the financial industry except securities, which the CSRC manages.[274] The NFRA oversees about $58 trillion of banking and insurance assets.[275] The NFRA possesses 27 departments, and it will likely absorb 1,600 branches of the PBC.[276]

Chinese Vital Laws and Regulations

Here is a list of some vital Chinese financial laws and regulations that deal with banking.

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[265] *Id.*

[266] Qian Zhou, NGO Accounting and Compliance in China: Key Highlights, *China Briefing* (Jan.14, 2025), *available at* https://www.china-briefing.com/news/ngo-accounting-and-compliance-in-china-highlights-updates/#:~:text=China's%20NGO%20accounting%20and%20compliance,adhering%20to%20specific%20Chinese%20regulations.

[267] *Id.*

[268] NFRA Staff, NFRA Issues the Guiding Opinions on Promoting the Orderly and Healthy Development of Corporate Group Finance Companies and Improving the Quality and Efficiency of Supervision, *National Financial Regulatory Administration* (Apr. 29, 2024), *available at* https://www.nfra.gov.cn/en/view/pages/ItemDetail.html?docId=1161940&itemId=980.

[269] AFCA Staff, Securities Association of China, *Asian Financial Cooperation Association* (n.d.), *available at* https://www.afca-asia.org/Portal.do?method=memberDetailView&returnChannelID=29&resourceID=3.

[270] CSRC Staff, [CSRC Decree No.58] Administrative Measures on Sponsorship for Securities Issuance and Listing, *China Securities Regulatory Commission* (Oct. 21, 2008), *available at* https://web.archive.org/web/20111128220106/http://www.csrc.gov.cn/pub/csrc_en/laws/overRule/Decrees/200910/t20091028_166900.htm.

[271] Changxin Gao, Lack of Due Diligence Makes It Difficult for Traders to Take Stock, *China Daily* (Dec. 14, 2012), *available at* https://usa.chinadaily.com.cn/epaper/2011-12/14/content_14264403.htm.

[272] Laura He, China Names Head of Powerful New Financial Regulator as Industry Faces Greater Scrutiny, *CNN Business* (May 11, 2023), *available at* https://edition.cnn.com/2023/05/11/economy/china-nfra-new-chief-intl-hnk/index.html.

[273] Axia Hu, China's State Council Appoints, Removes Officials, *Xinhua* (May 19, 2023), *available at* https://english.news.cn/20230519/e770667496324de8882740a9ad565d67/c.html.

[274] Asia Society Staff, Decoding Chinese Politics, *Asia Society Policy Institute* (2025), *available at* https://asiasociety.org/policy-institute/decoding-chinese-politics?policy=top-leadership&group=organizations&size=rank&connection=personal.

[275] Amanda Lee, China's Financial Overhaul Continues with Banking Veteran Li Yunze Named Party Chief of New Regulatory Body, *MyNEWS* (May 10, 2023), *available at* https://www.scmp.com/economy/china-economy/article/3220080/chinas-financial-overhaul-continues-banking-veteran-li-yunze-named-party-chief-new-regulatory-body.

[276] Leng Chung, & Yu Sun, "China Sidelines Its Once Venerated Central Bank, *Financial Times* (Dec. 24, 2023), *available at* https://www.ft.com/content/b809c735-5ae7-433f-964d-f12ca7320538.

- *Law of the People's Republic of China on Commercial Banks* – This law regulates commercial banks' establishment, operation, and supervision.[277]
- *Law of the People's Republic of China on the People's Bank of China* – This law defines the role and functions of the PBC.[278]
- *Measures for the Administration of Credit Reporting Services* – This regulation governs how credit reporting agencies operate.
- *Deposit Insurance Regulation* – This regulation outlines the deposit insurance framework.[279]
- *Regulations on Foreign Exchange System of the People's Republic of China* – These regulations manage foreign exchanges.[280]
- *Regulations on Closure of Financial Institutions* – This regulation outlines how financial institutions are closed.[281]
- *Opinions of the General Office of the State Council on Further Optimizing Payment Services to Facilitate Payments* – This document attempts to improve payment services.[282]
- *Administrative Measures on the Total Loss-absorbing Capacity of Global Systemically Important Banks* – This measure is concerned with the total loss-absorbing capacity of major global banks.[283]

The laws and regulations on financial compliance and securities are:

- *China Securities Regulatory Commission Regulations* – The CSRC regulates and supervises the securities, futures, and funds markets.[284]
- *Accounting Law of the People's Republic of China* – This law regulates accounting practices.[285]
- *Measures for the Administration of Short-Term Financing Bonds of Securities Companies* – This measure addresses issuing and managing short-term financing bonds.[286]
- *Measures for the Unified Registration of Security Interests Over Movable Properties and Rights* – This measure outlines the process for registering security interests over movable properties and rights.[287]
- *Interim Measures for the Administration of Interbank Bond Market* – These measures regulate the inter-bank bond market.[288]

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[277] PBC Staff, Law of the People's Republic of China on Commercial Banks, *The People's Bank of China* (May 10, 1995), *available at* http://www.pbc.gov.cn/en/3688253/3689003/3709970/index.html#:~:text=Chapter%20VI%20Supervision%20and%20Administration&text=Article%2060%20A%20commercial%20bank,the%20audit%20law%20and%20regulations.

[278] PBC Staff, Law of the People's Republic of China on The People's Bank of China (unofficial English translation), *Tenth National People's Congress* (Dec. 27, 2003), *available at* http://www.pbc.gov.cn/english/130733/2941519/2015082610501049304.pdf.

[279] PBC Staff, PBOC Releases Revised Rules for Handling Credit Reporting Complaints, *The People's Bank of China* (Mar. 15, 2024), *available at* http://www.pbc.gov.cn/en/3688241/3688687/3688693/5317180/index.html.

[280] PBC Staff, Guobanfa No.10 [2024], Opinions of the General Office of the State Council on Further Optimizing Payment Services to Facilitate Payments, *The People's Bank of China* (Mar. 7, 2024), *available at* http://www.pbc.gov.cn/en/3688253/3689006/5300530/index.html.

[281] PBC Staff, PBC, CBIRC and MOF Issue Administrative Measures on the Total Loss-absorbing Capacity of Global Systemically Important Banks, *The People's Bank of China* (Nov. 3, 2021), *available at* http://www.pbc.gov.cn/en/3688235/3688414/4015732/4417463/index.html.

[282] PBC Staff, *supra*, note 281.

[283] PBC Staff, *supra*, note 282.

[284] Reuters Staff, Explainer: What Is China's Planned Financial Stability Law and How Will It Work?, *Reuters* (Jul. 1, 2024), *available at* https://www.reuters.com/markets/asia/what-is-chinas-planned-financial-stability-law-how-will-it-work-2024-07-02/#:~:text=WHAT%20IS%20THE%20FINANCIAL%20STABILITY,asset%20managers%20and%20securities%20firms.

[285] NPC, Accounting Law of the People's Republic of China, *Ninth People's Congress* (Oct. 31, 1999), *available at* http://www.npc.gov.cn/zgrdw/englishnpc/Law/2007-12/13/content_1383953.htm#:~:text=Article%2026%20In%20fulfilling%20accounting,-statement%20or%20under-statement;.

[286] PBC Staff, Yinfa No. 329 [2021], Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning Supporting New Forms of Offshore International Trade, *The People's Bank of China* (Dec. 29, 2021), *available at* http://www.pbc.gov.cn/en/3688235/3688609/3688615/4441089/index.html.

[287] PBC Staff, PBOC Releases Revised Rules for Handling Credit Reporting Complaints, *The People's Bank of China* (Mar. 15, 2024), *available at* http://www.pbc.gov.cn/en/3688241/3688687/3688693/5317180/index.html.

[288] PBC, *supra*, note 280.

- *Measures for the Assessment of Systemically Important Insurers* – This measure focuses on assessing systemically important insurers.[289]

Financial Compliance in the Republic of South Africa

This subsection is partitioned into four more subsections. The first subsection is a précis of South Africa's financial system, while the second presents South Africa's regulatory framework. The third subsection concentrates on South Africa's regulatory authorities, whereas the fourth investigates South Africa's crucial financial compliance laws and regulations.

South African Overview

In early 2023, the FATF, the South African Reserve Bank (SARB), the Prudential Authority (PA), and the Financial Intelligence Centre (FIC) published guidance notes, standards, and communiqués to address the insufficiencies in South Africa's compliance with the organization's 40 Recommendations on Money Laundering (40 Recommendations), while specifying the steps to be taken to comply with these recommendations.[290] In October 2024, the FATF Plenary accepted the report, and currently, the bank has partially or fully complied with 16 of the 22 action items linked to AML and CTF.[291] The remaining six action items were likely addressed as of February 2025, ensuring that the SARB will likely exit the gray list as early as June 2025, assuming there are no outstanding action items.[292]

South African Regulatory Framework

The Financial Sector Regulation Act (FSRA) introduced the twin peaks model of financial regulation to South Africa, establishing the PA and the Financial Sector Conduct Authority (FSCA).[293] In the twin peaks model, there is one supervisor for prudential supervision and another for markets and conduct-of-business supervision.[294] These agencies are respectively responsible for prudential and market regulation. Both entities protect financial customers and promote financial stability by regulating and supervising financial institutions that offer financial products, services, and market infrastructure.[295] The FSRA ensures that the SARB, the Financial Stability Oversight Committee (FSOC), the National Credit Regulator (NCR), and the FIC cooperate effectively.[296]

South African Regulatory Authorities

South African regulatory authorities include:

- *Financial Sector Conduct Authority* – The FSCA supervises financial institutions by promoting fair treatment of financial customers.[297]
- *Financial Intelligence Centre* – The FIC implements regulations to fight money laundering and financing terrorist activities.[298]
- *National Credit Regulator* – The NCR registers credit providers and regulates consumer credit compliance.[299]
- *Information Regulator* – The IR monitors and enforces compliance with the Protection of Personal Information Act of 2013.[300]
- *Prudential Authority* – The PA regulates banks, cooperative financial institutions, financial conglomerates, specific market structures, and the FCSA on market conduct.[301]

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[289] PBC Staff, PBOC and NAFR Issue the Measures for the Assessment of Systemically Important Insurers, *The People's Bank of China* (Oct. 20, 2023), *available at* http://www.pbc.gov.cn/en/3688235/3688414/4015732/5123825/index.html.
[290] Natalie Scott, & Slade van Rooyan, Banking Laws and Regulations 2025 – South Africa, *Global Legal Insights* (Mar. 11, 2025), *available at* https://www.globallegalinsights.com/practice-areas/banking-and-finance-laws-and-regulations/south-africa/.
[291] *Id.*
[292] *Id.*
[293] *Id.*
[294] MICHAEL TAYLOR, TWIN PEAKS REVISITED (Centre for Study of Financial Innovation 2009).
[295] Natalie Scott, & Slade van Rooyan, *supra*, note 291.
[296] *Id.*
[297] Baker McKenzie Staff, 1. Who regulates banking and financial services in your jurisdiction?, *Baker McKenzie Resource Hub* (2025), *available a*t https://resourcehub.bakermckenzie.com/en/resources/global-financial-services-regulatory-guide/europe-middle-east-and-africa/south-africa/topics/who-regulates-banking-and-financial-services-in-your-jurisdiction#:~:text=The%20Prudential%20Authority%2C%20operating%20within,banks)%20in%20the%20payment%20system.
[298] *Id.*
[299] *Id.*
[300] *Id.*
[301] SARB Staff, Prudential Regulation, *South African Reserve Bank* (2020), *available at* https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation.

- *South African Reserve Bank* – The SARB is in charge of the safety and soundness of the national payment system, thereby protecting and enhancing financial stability.[302]
- *South African Revenue Service* – SARS collects all revenue due to the State and administers trade.[303]

South African Crucial Laws and Regulations

Some of the crucial laws and regulations governing financial compliance are:

- *Financial Intelligence Centre Act* – The FICA was passed to combat financial crime and to empower the FIC to monitor and enforce compliance in regulated industries.[304]
- *Financial Sector Regulation Act* – FSR regulates the financial sector and SARB's role to ensure financial stability.[305]
- *Conduct of Financial Institutions Bill* – COFI attempts to improve market conduct by streamlining financial sector laws by implementing policies that treat financial customers fairly.[306]
- *Corporation for Deposit Insurance* – The CODI was established in March 2023 to manage South Africa's Deposit Insurance Fund by providing depositors protection against a bank failure.[307]
- *Financial Conglomerates* – The PA may assign holding companies as financial conglomerates and then superimpose additional prudential obligations on the holding company.[308]

Financial Compliance in the Arab Republic of Egypt

This subsection is broken up into four further subsections. The first subsection provides an overview of Egypt's financial system, while the second outlines Egypt's regulatory framework. The third subsection addresses Egypt's regulatory authorities, whereas the fourth discusses Egypt's key financial compliance laws and regulations.

Egyptian Overview

Egypt's complex regulatory framework deals with various sectors, industries, and business operations.[309] Compliance requirements in Egypt vary depending on the nature of the business, industry, and company size.[310] Companies must understand and adhere to these regulations to avoid penalties and reputational damage.[311]

Egyptian Regulatory Framework

In Egypt, the Central Bank of Egypt (CBE) oversees banking and monetary activities, whereas the Egyptian Financial Regulatory Authority (EFRA) supervises non-banking services, including FinTech.[312] The CBE is governed by the Central Bank and Banking System Law No. 194 of 2020 and regulates banking organizations engaged in credit guarantees, monetary transfers, foreign currency exchanges, acceptances of deposits, extending loans and facilities, credit facilities, credit reporting and ratings, activities related to payment systems and services, financial settlements, depository registrations and central custody of government securities and

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[302] Natalie Scott, & Slade van Rooyan, *supra*, note 291.
[303] SAG Staff, Economy and Finance, *South African Government* (2025), *available at* https://www.gov.za/about-sa/economy-and-finance#:~:text=The%20South%20African%20Revenue%20Service%20(SARS)%20is%2C,meeting%20its%20key%20developmental%20objectives%20for%20growth.
[304] Emmanuel Agwu, Financial Intelligence Centre (FICA) Act - How to Stay Compliant in South Africa, *Smile ID* (May 14, 2024), *available at* https://usesmileid.com/blog/financial-intelligence-centre-act-fica-compliance-for-businesses.
[305] SARB Staff, Financial Stability, *South African Reserve Bank* (n.d.), *available at* https://www.resbank.co.za/en/home/what-we-do/financial-stability.
[306] Jennifer Stolp, Joz Coetzer, & Marianna Naicker, In Brief: Banking Regulatory Framework in South Africa, *Lexology* (Mar. 15, 2023), *available at* https://www.lexology.com/library/detail.aspx?g=8632baa7-00c9-4812-82ea-61e6867c32dc.
[307] SARB Staff, Corporation for Deposit Insurance, *South African Reserve Bank* (n.d.), *available at* https://www.resbank.co.za/en/home/what-we-do/Deposit-insurance.
[308] SARB Staff, Financial Conglomerates, *South African Reserve Bank* (n.d.), *available at* https://www.resbank.co.za/en/home/publications/prudential-authority/pa-financial-sector-regulation/Financial-Conglomerates.
[309] Norebase, Navigating Regulatory Compliance in Egypt, *Norebase Blog* (Jun. 9, 2023), *available at* https://blog.norebase.com/navigating-regulatory-compliance-in-egypt/.
[310] *Id.*
[311] *Id.*
[312] Frederic Soliman, & Laila Aziz, Snapshot: The Regulatory Framework for Financial Services Compliance in Egypt, *Lexology* (n.d.), *available at* https://www.lexology.com/library/detail.aspx?g=c232d5fd-50ff-44b6-ae35-695c476da39e#:~:text=Snapshot:%20the%20regulatory%20framework%20for%20financial%20services%20compliance%20in%20Egypt,-Soliman%2C%20Hashish%20&%20Partners&text=What%20national%20authorities%20regulate%20the,banking%20financial%20products%20and%20services.

financial instruments.[313] The CBE supervises certificates, treasury bonds, treasury bills, repurchase agreements, e-money, banknotes, and deposits.[314]

In contrast, the EFRA was created by Law No. 10 of 2009 and its Executive Regulations. It is governed by the Capital Markets Law No. 95 of 1992 and its Executive Regulations, also known as the Capital Market Law (CML).[315] The EFRA regulates financial leasing, mortgage financing, capital market activities, private insurance funds, securitization, custodian activities, consumer finances, microfinance activities, governmental insurance funds, insurance activities, and futures exchanges.[316] The EFRA oversees investment funds, securities (such as shares, bonds, and financing instruments), insurance, consumer finance, financial leasing, factoring, microfinance, and mortgage finance contracts.[317]

Egyptian Regulatory Authorities

As previously stated, two main national authorities in Egypt regulate financial products. The CBE is governed by the Central Bank and Banking System Law No. 194 of 2020 (CBBSL) and regulates all banking and monetary activities, and the EFRA regulates all non-banking activities.

Egyptian Key Laws and Regulations

The relevant financial compliance legislation is:

- *Capital Markets Law No. 95 of 1992* – The CML determines the FRA's activities.[318]
- *Central Bank and Banking System Law No. 194 of 2020* – The CBBSL governs the CBE's activities.[319]
- *Fintech Law No. 5 of 2022* – This law establishes the framework for developing and using Fintech in non-banking financial services.[320]
- *Fintech Regulations* – On January 2, 2024, FRA regulations for companies seeking to offer certain non-banking financial services became effective.[321]

Financial Compliance in the Federal Democratic Republic of Ethiopia

This subsection is divided into four additional subsections. The first subsection summarizes Ethiopia's financial system, while the second highlights Ethiopia's regulatory framework. The third subsection discusses Ethiopia's regulatory authorities, whereas the fourth examines Ethiopia's critical financial compliance laws and regulations.

Ethiopian Overview

In Ethiopia, identity verification and compliance via KYC and AML regulations are the foundation of the country's financial system.[322] Ethiopia's population is growing and its economy is expanding. Thus, companies operating in Ethiopia must adhere to the nation's rules and international standards to prevent financial fraud, such as money laundering and terrorist financing.[323] Ethiopia is an active member of the FATF and the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), and has made significant progress in ensuring that its internal KYC and AML regulations conform to international standards.[324]

Ethiopian Regulatory Framework

Financial compliance in Ethiopia is governed by regulations such as Proclamation No. 1176/2020 and Financial Anti-Money Laundering and Countering the Financing of Terrorism Compliance Directives Number 01/2014. These laws prevent money laundering and terrorist financing, where the Ethiopian Financial Intelligence Center oversees compliance activities.[325]

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[313] *Id.*
[314] *Id.*
[315] *Id.*
[316] *Id.*
[317] *Id.*
[318] *Id.*
[319] *Id.*
[320] Mostafa Lotayef, & Hania Meshref, Egypt: New Regulations on the Licensing and Regulatory Framework of Fintech Services, *Global Compliance News* (Aug. 29, 2023), *available at* https://www.globalcompliancenews.com/2023/08/29/https-insightplus-bakermckenzie-com-bm-banking-finance_1-egypt-new-regulations-on-the-licensing-and-regulatory-framework-of-fintech-services_08162023/#:~:text=In%20brief,"Outsourcing%20Service%20Providers").
[321] Baker McKenzie Staff, Egypt: New Regulations on the Establishment and Licensing of Fintech Companies, *Baker McKenzie Resource Hub* (Feb. 13, 2024), *available at* https://insightplus.bakermckenzie.com/bm/banking-finance_1/egypt-new-regulations-on-the-establishment-and-licensing-of-fintech-companies#:~:text=In%20brief,for%20entry%20into%20such%20market.
[322] DidIt Staff, Identity Verification, KYC, and AML Compliance in Ethiopia, *DidIt* (Jan. 15, 2025), *available at* https://didit.me/blog/identity-verification-kyc-and-aml-compliance-in-ethiopia.
[323] *Id.*
[324] *Id.*
[325] DidIt Staff, *supra*, note 323.

Ethiopian Regulatory Authorities

In Ethiopia, the financial compliance regulatory authorities are:

- Ethiopian Capital Market Authority;
- Ethiopian Financial Intelligence Center;
- National Bank of Ethiopia;
- Ethiopian Ministry of Trade and Regional Integration;
- Ministry of Finance of Ethiopia;
- Federal Ethics and Anti-Corruption Commission;
- Ethiopian Revenue Authority; and
- Ministry of Trade and Industry;

The ECMA regulates and develops Ethiopia's capital markets to ensure accountability, fairness, and integrity.[326] It supervises capital market operations via such directives as Directive No. 980/2024.[327] The ECMA stimulates market integrity, protects investors, and fosters capital market development.[328] It is an autonomous regulatory authority accountable to the Ethiopian prime minister.[329] The EFIC oversees and coordinates all compliance activities relating to AML and CTF.[330] It collaborates with the NBE to develop literature on risk-based supervision of financial organizations.[331] The EFIC also leads on-site inspections of financial entities and arranges for supervisory procedures for DNFBPs.[332]

The NBE is the central bank of Ethiopia and is responsible for conducting monetary policies that ensure financial stability. The bank collaborates with the EFIC to generate manuals on risk-based supervision for financial institutions.[333] The EMTRI supervises commercial representatives and agents, demands that commercial representatives obtain certificates to operate, and administers commercial agent licensing.[334] The MFE is responsible for the overall government's financial policies and strategies,[335] whereas the FEACC deals with ethics training and asset registration to reduce corruption.[336] The ERA collects taxes and customs duties, overseeing business and tax compliance,[337] while MTI is involved in business compliance.[338]

Ethiopian Critical Laws and Regulations

A detailed breakdown of essential Ethiopian laws and regulations includes:

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326 ECMA Staff, About Us, *Ethiopian Capital Market Authority* (n.d.), available at https://ecma.gov.et/about/.

327 Michael Tesfaye Hiruy, Overview and Key Provisions of the CMSP Licensing and Supervision Directive No. 980/2024, *Andalem* (2024), *available* at https://andalem.com/overview-and-key-provisions-of-the-cmsp-licensing-and-supervision-directive-no-980-2024/.

328 FUS School of Business, Analysis of The Ethiopian Capital Market Authority Directive On Licensing and Operating Securities Exchanges and Trading Platforms, *Florida University Southeast* (n.d.), *available at* https://www.scribd.com/document/727717933/Analysis-of-the-Ethiopian-Capital-Market-Authority-Directive-on-Licensing-and-Operating-Securities-Exchanges-and-Trading-Platforms#:~:text=exchanges%20in%20Ethiopia.-,It%20aims%20to%20promote%20market%20integrity%2C%20protect%20investors%2C%20and%20foster,and%20oversight%20of%20trading%20platforms.

329 ECMA Staff, *supra*, note 327.

330 GCCS Staff, Strengthening Ethiopia's Capacity to Counter Money Laundering and Illicit Financial Flows – Program Close, *Global Center on Cooperative Security* (Jan. 2016 – Dec. 2018), *available at* https://globalcenter.org/resource/strengthening-ethiopias-capacity-to-counter-money-laundering-and-illicit-financial-flows-program-close/.

331 *Id.*

332 *Id.*

333 *Id.*

334 Dadimos Haile, Liya Tamrat, & Mihret Alemayehu, Doing Business in Ethiopia: Overview, *Thompson Reuters: Practical Law* (2025), *available at https*://uk.practicallaw.thomsonreuters.com/w-016-1313?transitionType=Default&contextData=(sc.Default)&firstPage=true#:~:text=The%20Registration%20and%20Licensing%20Proclamation,incurred%20due%20to%20their%20renunciation.

335 MFE Staff, Home Page, *Ministry of Finance Ethiopia* (2025), *available at* https://www.mofed.gov.et/.

336 ACA Staff, Profile: Ethiopia, *Anti-Corruption Authorities* (Aug. 2012), *available at* https://web.archive.org/web/20220123073054/https://www.acauthorities.org/country/et.

337 KYC Staff, Ethiopia Country Summary, *Know Your Country* (n.d.), *available at* https://www.knowyourcountry.com/ethiopia#:~:text=Bribery%20&%20Corruption&text=Ethiopia's%20Federal%20Ethics%20and%20Anticorruption,committee%20to%20address%20these%20challenges.

338 FinTech Global Staff, Mastering Know Your Business Regulations in Ethiopia's Unique Market, *FinTech Global* (Jan. 3, 2025), *available at* https://fintech.global/2025/01/13/mastering-know-your-business-regulations-in-ethiopias-unique-market/.

- *Proclamation No. 1176/2020* – This proclamation serves as the keystone of the Ethiopian KYC and AML regulations by establishing customer identification and verification requirements and defining financial institution obligations.[339]
- *Financial Anti-Money Laundering and Countering the Financing of Terrorism Compliance Directives Number 01/2014* – These EFIC directives focus on fortifying financial institutions' internal control and risk management systems by reducing risk exposure from money laundering and terrorist financing.[340]
- *FATF Recommendations and Evaluations* – As a member of FATF, Ethiopia is expected to implement the FATF recommendations and be evaluated accordingly. The recommendations are an international source for addressing money laundering, terrorist financing, and proliferation financing.[341]
- *Ethiopian Capital Market Authority Directive 980/2024* – The Capital Market Service Providers Licensing and Supervision Directive No. 980/2024 plays a critical role in overseeing the operations of capital market service providers.[342]
- *Investment Proclamation No. 1180/2020* – This proclamation requires investors to submit quarterly reports regarding their investment projects, where foreign investors submit reports to the Ethiopian Investment Commission (EIC).[343]

Financial Compliance in the Arab Republic of Indonesia

This subsection is split into four other subsections. The first subsection outlines Indonesia's financial system, while the second delineates the regulatory framework. The third subsection discusses Indonesia's regulatory authorities, whereas the fourth examines Indonesia's essential financial compliance laws and regulations.

Indonesian Overview

Indonesia employs a twin peaks approach[344] to financial compliance, where Bank Indonesia (BI) deals with macro-prudential policy, and the Otoritas Jasa Keuangan (OJK) focuses on micro-prudential policy.[345] Both the BI and the OJK regulate financial education and consumer protection. BI covers consumer protection for bank and non-bank activities regulated by the bank. For OJK, consumer protection encompasses microtransactions, such as insurance, capital markets, financial technology, etc.[346]

Indonesian Regulatory Framework

As stated above, Indonesia follows the twin peaks approach to financial compliance. The BI regulates payment systems in Indonesia, such as card-based payment activities, payment gateways, issuance of electronic money, foreign exchange activities, rupiah currency handling services, remittance businesses, and FinTech as it relates to payment systems.[347] A company that engages with these payment system activities needs a BI license.[348]

The OJK regulates financial activities in:[349]

- Banking;
- Capital markets;
- Securities companies;
- Securities brokers;
- Asset management companies;
- Derivatives and carbon exchanges;
- Insurance;
- Pension funds;

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[339] DidIt Staff, *supra*, note 323.

[340] *See generally*, Roberto Martinez, & B. Kukutschka, Illicit Financial Flows in Ethiopia, *U4 Anti-Corruption Resource Center* (Sep. 21, 2018), *available at* https://www.u4.no/publications/illicit-financial-flows-in-ethiopia.pdf#:~:text=Generally%2C%20Ethiopia%20has%20very%20strict%20laws%20that,governance%20in%20the%20country%20remain%20(Yimer%202017).

[341] FATF Staff, FATF Recommendations, *Financial Action Task Force* (2024), *available at* https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html.

[342] Michael Tesfaye Hiruy, *supra*, note 328.

[343] Dadimos Haile, Liya Tamrat, & Mihret Alemayehu, *supra*, note 335.

[344] Michael Taylor, *supra*, note 295.

[345] Zachary J. Zweihorn, Financial Services Compliance: Indonesia, *Lexology: Getting the Deal Through* (Feb. 28, 2023), *available at* https://www.abnrlaw.com/files/document/2023_Financial_Services_Compliance_-_Indonesia1.pdf.

[346] Bagus Nur Buwono, Debu Batara Lubis, & Rana Cinta Rahmania, Snapshot: The Regulatory Framework for Financial Services Compliance in Indonesia, *Lexology* (Feb. 26, 2025), *available at* https://www.lexology.com/library/detail.aspx?g=aebdd81a-910e-4ff8-87ea-8bd838f1cde5.

[347] Monic Nisa Devina, Snapshot: The Regulatory Framework for Financial Services Compliance in Indonesia, *Lexology* (Feb. 4, 2023), *available at* https://www.lexology.com/library/detail.aspx?g=530c0dcf-a772-441a-856b-7de6c2da451a.

[348] *Id.*

[349] *Id.*

- FinTech, such as peer-to-peer lending and equity crowdfunding;
- Digital and crypto assets;
- Other financial services.

OJK regulation includes licensing requirements, the type of products and activities performed by financial institutions, the financial soundness levels, and the application of prudential principles.[350] The OJK can also investigate financial institutions for regulatory violations.[351]

Indonesian Regulatory Authorities

The BI supervises macro-prudential policies and the national payment system.[352] By controlling monetary policy, BI ensures the rupiah is stable.[353] It regulates:[354]

- Credit cards, debit cards, and ATM transactions to ensure secure and efficient payment processing;
- Digital wallets and e-money platforms promoting cashless transactions;
- Intermediaries that process online transactions between consumers and merchants to ensure compliance with anti-fraud and data-security standards;
- Currency trading systems to prevent market manipulation and ensure financial stability;
- Complex financial instruments such as derivatives and interest rate-linked investments; and
- Certificates of deposit are traded in the money markets to manage short-term liquidity and financial risks.

The OJK is an independent organization overseeing all financial sector activities, whether banking or non-banking. The supervisory scope is micro-prudential.[355] It supervises:[356]

- Savings accounts, fixed deposits, and credit facilities, protecting consumers and maintaining banking stability;
- Offshore financial products where domestic banks act as intermediaries for foreign financial products;
- Promissory notes, commercial papers, and corporate bonds;
- Equity shares and other ownership-based financial products;
- Mutual funds and alternative investment vehicles; and
- Derivatives and futures contracts.

Indonesian Essential Laws and Regulations

The primary areas of regulation for financial entities under BI and the OJK include:[357]

- *Scope of Operations and Product Offerings:*
  - OJK Regulation 13 of 2021 on Sharia commercial banks or Sharia business units;
  - Capital requirements and ownership structure;
  - OJK Regulation 56 of 2016 for commercial banks; and
  - OJK Regulation 4 of 2024 on reporting shareholders of a publicly listed company.
- *Authorization and Registration:*
  - OJK Regulation 1 of 2017 for multi-finance institutions;
  - OJK Regulation 34 of 2015 for venture-capital institutions;
  - OJK Regulation 47 of 2020 for Sharia multi-finance institutions;
  - OJK Regulation 10 of 2021 for microfinance institutions; and
  - OJK Regulation 12 of 2021 for commercial banks.
- *Corporate Governance Standards:*
  - OJK Regulation 17 of 2023 for commercial banks; and
  - OJK Regulation 7 of 2016 for insurance.
- *Financial Health and Stability:*
  - OJK Regulation 2 of 2024 on Sharia commercial banks or Sharia business units;

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[350] *Id.*
[351] *Id.*
[352] *Id.*
[353] *Id.*
[354] *Id.*
[355] *Id.*
[356] *Id.*
[357] Zachary J. Zweihorn, *supra*, note 346.

- OJK Regulation 4 of 2016 for commercial banks;
- OJK Regulation 28 of 2020 for non-bank financial services; and
- OJK Regulation 3 of 2022 for people's credit banks and sharia people's financing banks.

- *Competency Assessments:*
  - OJK Regulation 27 of 2016 for financial services.

- *Risk Control and Management:*
  - OJK Regulation 18 of 2016 for commercial banks; and
  - OJK Regulation 44 of 2020 for non-bank financial services.

- *Consumer Rights and Protection:*
  - OJK Regulation 22 of 2023 for the financial services sector; and
  - Bank Indonesia Regulation 3 of 2023 for BI.

- *Anti-Money Laundering and Terrorism Financing:*
  - OJK Regulation 8 of 2023 for financial services; and
  - Bank Indonesia Regulation 10 of 2024 for non-bank foreign exchange.

- *Regulatory Oversight:*
  - OJK Regulation 1 of 2023 on social security; and
  - OJK Regulation 5 of 2024 on commercial banks.

Financial Compliance in the Islamic Republic of Iran

This subsection is separated into four extended subsections. The first subsection gives a synopsis of Iran's financial system, while the second delimits Iran's regulatory framework. The third subsection focuses on Iran's regulatory authorities, whereas the fourth assesses Iran's vital financial compliance laws and regulations.

Iranian Overview

Iran's economy is dominated by its oil, agricultural, and service sectors. The state is also noticeably present in the manufacturing and financial services.[358] Iran is second in the world for natural gas reserves and fourth for proven crude oil reserves. While Iran is a diversified economy, the country relies mainly on oil revenues.[359] Iran has a mixed centrally planned economy with a significant public sector.[360] Despite Iranian governmental policy failures, like Brazil, the country is moving toward a comprehensive financial compliance framework.[361]

Iranian Regulatory Framework

Iran's financial compliance framework requires institutions to focus on AML, CFT, KYC, and CDD procedures. Appoint AML compliance officers, and report suspicious activities to the Financial Intelligence Unit (FIU). It should be remembered that the nation's financial compliance is significantly restrained by the myriad sanctions imposed by the United States. A detailed breakdown consists of:

- *Anti-Money Laundering and Counter-Terrorist Financing* – Iran's legal framework addresses AML and CTF by requiring financial and specific non-financial entities to comply with these regulations.[362]
- *Know Your Customer and Customer Due Diligence* – In Iran, financial institutions must identify and verify customer identities, understand the reasons for their transactions, and conduct risk-based assessments.[363]
- *AML Compliance Officer* – Organizations must appoint AML Compliance Officers who are responsible for ensuring compliance with AML regulations, monitoring suspicious transactions, and reporting their findings to the FIU.[364]

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358 WBG Staff, Islamic Republic of Iran, *World Bank Group* (Oct. 20, 20-22), *available at* https://www.worldbank.org/en/country/iran/overview.

359 *Id.*

360 Esfandyar Batmanghelidj, 7 Charts That Challenge the Distorted View of Iran's Economy, *Bourse & Bazaar Foundation* (Sep. 14, 2018), *available at* https://www.bourseandbazaar.org/articles/2018/9/13/these-charts-show-how-our-view-of-irans-economy-is-distorted.

361 *Id.*

362 TSS Staff, Anti-Money Laundering (AML) in Iran, *Sanctions Scanner* (Sep. 22, 2023), *available at* https://www.sanctionscanner.com/aml-guide/anti-money-laundering-aml-in-iran-97.

363 *Id.*

364 *Id.*

- *Reporting* – Suspicious Activity Reports must be filed with the FIU, including customer transactions exceeding 150 million Iranian Rials.[365]
- *Record-Keeping* – Organizations must legally maintain detailed records, where Iranian regulatory and supervisory officials can access these records.[366]
- *Financial Action Task Force* – Iran's compliance with FATF recommendations has been a point of contention and a challenge to the nation.[367]
- *International Financial Reporting Standards* – While Iranian companies apply Generally Accepted Accounting Principles, there is a plan for listed companies and banks to report under IFRS.[368]
- *Sanctions* – Iran is subject to significant international sanctions, impacting its financial system by requiring compliance with regulations from organizations such as the Office of Foreign Assets Control (OFAC).[369]
- *Digital Assets* – The Central Bank of Iran (CBI) has approved policies and frameworks for regulating cryptocurrencies to maximize economic benefits.[370]
- *European Union Export Compliance Certification Program* – Given that Iran faces a complex regulatory environment, the EU Export Compliance Certification Program (EU-ECCP) has been implemented to encourage the EU and Italian economic and financial operators to comply with applicable regulations when doing business with individuals and entities from Iran.[371]

Iranian Regulatory Authorities

The CBI regulates financial institutions in Iran. The FIU is responsible for collecting and analyzing financial intelligence information related to money laundering and terrorism financing.[372] Finally, the Ministry of Economic Affairs and Finance (MEAF) oversees financial regulations and taxation and develops economic policies.[373] Companies must comply with its requirements to ensure proper financial reporting.[374]

Iranian Vital Laws and Regulations

Due to the substantial number of United States sanctions imposed on Iran, financial compliance in the country must consider not only its laws but also the laws and regulations of the United States. Thus, this subsection is divided into two prongs. First, a general description of Iranian laws and regulations is presented, followed by some United States laws, regulations, and sanctions relating to Iran.

Iran has a unique regulatory environment shaped by the nation's cultural, political, and economic landscape. Compliance is not merely about adhering to established rules and regulations. The interaction between government policies and Islamic cultural norms characterizes Iran's financial and legal environment. Ethical standards that respect local traditions influence business interactions. Instead of relying on laws and regulations, local cultural dynamics ensure compliance and build community trust.[375] The political environment in Iran can influence how compliance is accomplished. Companies that align their compliance strategy with local

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[365] *Id.*
[366] *Id.*
[367] Mehdi Oghbai, Iran's Internal Turmoil Over FATF Reveals Deepening Cracks in Clerical Regime, *National Council of Resistance of Iran* (Jan. 17, 2025), *available at* https://www.ncr-iran.org/en/news/irans-internal-turmoil-over-fatf-reveals-deepening-cracks-in-clerical-regime/#:~:text=Economic%20and%20Social%20Consequences,and%20lead%20to%20ultimate%20capitulation.&text=Meanwhile%2C%20Ali%20Shamkhani%2C%20Secretary%20of,only%20deepen%20the%20country's%20challenges.".
[368] Deloitte Staff, Iran, *Deloitte Touche Tohmatsu Limited* (n.d.), *available at* https://www.iasplus.com/en/jurisdictions/asia/iran.
[369] OFAC Staff, Iran Sanctions, *Office of Foreign Assets Control* (Sep. 18, 2023), *available at* https://ofac.treasury.gov/faqs/topic/1551#:~:text=As%20set%20out%20in%20the,case-by-case%20basis.
[370] AML Watcher Staff, The Central Bank of Iran Approves "Policy and Regulatory Framework" for Cryptocurrencies, *AML Watcher* (Dec. 11, 2024), *available at* https://amlwatcher.com/news/the-central-bank-of-iran-approves-policy-and-regulatory-framework-for-cryptocurrencies/#:~:text=CBI%20governor%20"Mohammadreza%20Farzin"%20emphasized,economic%20benefits%20of%20digital%20currencies.
[371] EIFEC Staff, IRAN: EDD - Enhanced Due Diligence, *European Institute for Export Compliance* (n.d.), *available at* https://www.eifec.org/edd-enhanced-due-diligence-iran#.
[372] AML Watcher Staff, AML Compliance Guidelines: Iran, *AML Watcher* (n.d.), *available at* https://amlwatcher.com/our-coverage/iran/.
[373] GGLS Staff, Compliance and Reporting Requirements for Companies Operating in Iran, *Generis Global Legal Services* (Nov. 19, 2024), *available at* https://generisonline.com/compliance-and-reporting-requirements-for-companies-operating-in-iran/.
[374] *Id.*
[375] *Id.*

regulations and practices are in an excellent position to thrive. Thus, in Iran, compliance is a regulatory requirement and an essential characteristic.[376]

In Iran, firms are mandated to follow strict financial disclosure requirements as stated in the Iranian Commercial Code. These requirements ensure transparency and accountability in financial reporting. The primary focus of these financial disclosures is comprehensive financial statements and devotion to auditing and reporting standards.[377] Balance sheets, income, and cash flow statements must be accurate and reliable. If strict standards are not satisfied, significant penalties may be levied, or limits can be imposed on business operations. Iran's financial compliance laws are similar to those in Western countries.[378]

As for United States laws and regulations, financial institutions must comply with the Iranian Financial Sanctions Regulations (IFSR) and other relevant United States and international laws and regulations to avoid engaging in prohibited activities, including those related to the Iranian regime, weapons of mass destruction (WMD), terrorism, and money laundering. Here are some of the key United States regulations and sanctions related to Iran:

- *Iranian Assets Control Regulations (31 CFR Part 535)* – These regulations deal with transactions involving property in which Iranian entities have an interest.[379]
- *Iranian Financial Sanctions Regulations (31 CFR Part 561)* – This regulation states specific prohibitions and requirements related to financial transactions with Iran.[380]
- *Iranian Transactions and Sanctions Regulations (31 CFR Part 560)* – This regulation concerns prohibitions on trade and other transactions with Iran.[381]
- *Office of Foreign Assets Control* – The OFAC enforces United States sanctions programs, including those sanctions concerning Iran. The OFAC also offers guidance to financial institutions.[382]
- *Comprehensive Iran Sanctions, Accountability, and Divestment Act* – The CISADA and its affiliated regulations stipulate the legal framework for United States sanctions against Iran.[383]
- *Executive Order 13871* – This executive order authorizes the Secretary of the Treasury to impose sanctions on foreign financial institutions that knowingly conduct significant financial transactions with Iran's iron, steel, aluminum, or copper sectors.[384]
- *Executive Order 13599* – This executive order involves transactions from entities with the [IRAN] tag on OFAC's list of specially designated individuals to be blocked unless an OFAC exemption exists.

Financial Compliance in the United Arab Emirates

This subsection is partitioned into four more subsections. The first subsection is a précis of the UAE's financial system, while the second presents the UAE's regulatory framework. The second subsection concentrates on the UAE's regulatory authorities, whereas the fourth investigates the UAE's crucial financial compliance laws and regulations.

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[376] *Id.*
[377] *Id.*
[378] *Id.*
[379] Part 535—Iranian Assets Control Regulations, *Code of Federal Regulations* (31 CFR Part 535), *available at* https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V/part-535.
[380] Part 561—Iranian Financial Sanctions Regulations, *Code of Federal Regulations* (31 CFR Part 561), *available at* https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V/part-561.
[381] Part 560—Iranian Transactions And Sanctions Regulations, *Code of Federal Regulations* (31 CFR Part 560), *available at* https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V/part-560.
[382] KPMG Staff, Iran's Financial Institutions and OFAC: How to Manage Secondary Sanctions Risks, *Klynveld Peat Marwick Goerdeler, LLP* (2020), *available at* https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2022/iran-financial-institutions-and-ofac.pdf.
[383] Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, *Public Law 111-195* (Jul. 1, 2010), *available at* https://www.congress.gov/111/plaws/publ195/PLAW-111publ195.pdf.
[384] Iranian Financial Sanctions Regulations and Iranian Human Rights Abuses Sanctions Regulations, *Federal Register* (Aug. 7, 2019), *available at* https://www.federalregister.gov/documents/2019/08/07/2019-16842/iranian-financial-sanctions-regulations-and-iranian-human-rights-abuses-sanctions-regulations#:~:text=13871%20authorizes%20the%20Secretary%20of,are%20blocked%20pursuant%20to%20E.O.

United Arab Emirates Overview

Financial compliance regulation in the UAE is a mixture of medieval English common law[385] and the Roman or Napoleonic civil law[386] regulations. This blend of legal systems stems back to the early 20th Century and earlier, when the UK and the Ottoman Empire governed the area, respectively. Although both legal systems share common ground, there are differences that should be addressed when dealing with financial compliance.[387]

United Arab Emirates Regulatory Framework

The UAE's financial compliance framework is a multi-dimensional system overseen by several regulators, including the Central Bank of the UAE (CB-UAE), the Securities and Commodities Authority (SCA), the Dubai Financial Services Authority (DFSA), and the Financial Services Regulatory Authority (FSRA-UAE), ensuring adherence to local and international regulations.[388]

United Arab Emirates Regulatory Authorities

The DFSA is the primary regulator of the Dubai International Financial Centre (DIFC), and the FSRA is the principal regulator of the Abu Dhabi Global Market (ADGM).[389] The two regulators in the "on-shore" UAE are the CB-UAE, which supervises banks, finance companies, payment service providers, and insurance companies, and the Emirates Securities and Commodities Authority (ESCA), which regulates markets, listed companies, and securities brokers.[390]

Under Law No. 14 of 2018, the CB-UAE can supervise and sanction financial institutions within its officially assigned duties, censure, fine, sanction, withdraw licenses, and cooperate with foreign regulators.[391] However, under Law No. 4 of 2002, the ESCA may name and shame entities that violate its regulations. The AML regulator is the FIU, an independent organization under the CB-UAE.[392]

The responsibilities of the CB-UAE, SCA, DFSA, and FSRA-UAE are:[393]

- On the federal level, the CB-UAE regulates all banks, insurers, and insurance brokers for the CB-UAE, whereas the SCA supervises securities traders and markets
- The UAE Council of Ministers determined that the Dubai Financial Market (DFM) and the Abu Dhabi Exchange (ADX) are self-regulating organizations under the SCA.
- The DFSA is the financial regulator of all banks, investment firms, securities traders, and reinsurers that operate within the DIFC, whereas the FSRA-UAE is the financial supervisor of all banks, investment firms, securities traders, and reinsurers that operate within the ADGM.
- The DIFC and the ADGM are financial-free zones in the Dubai and Abu Dhabi emirates. These emirates are governed using rules and regulations based on the common law, as opposed to civil law, which is used at the UAE federal level. DFSA and ADGM-regulated firms include investment firms, asset managers, hedge funds, brokers, financial advisers, and insurance intermediaries

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[385] Thomson Reuters Staff, Common Law: Defining What It Is and What You Need to Know, *Thomson Reuters* (Nov. 15, 2022), *available at* https://legal.thomsonreuters.com/en/insights/articles/what-is-common-law (The common law, also known as judicial precedent, judge-made law, or even case law, is the body of law mainly developed via judicial decisions as opposed to statutes passed by a legislature.).

[386] Scott N. Carlson, Intro to Civil Law Systems, *International Network to Promote the Rule of Law* (May 2009), *available at* https://web.archive.org/web/20240216203600/https://www.inprol.org/system/files_force/publications/2011/cr09002.pdf (The civil law is a legal system based on the law of the Roman Empire and was comprehensively codified and disseminated with France's Napoleonic Code in 1804 and Germany's Bürgerliches Gesetzbuch in 1900.).

[387] Kyle Persuad, What Is the Difference Between Common Law and Civil Law?, *Persaud Law Office* (Aug. 14, 2023), *available at* https://www.persaudlawoffice.com/post/what-is-the-difference-between-common-law-and-civil-law#:~:text=The%20terms%20"common%20law"%20and,law%20originated%20in%20medieval%20England.

[388] AML Watcher Staff, A Guide to Simplified AML Compliance in the United Arab Emirates, *AML Watcher* (Dec. 24, 2024), *available at* https://amlwatcher.com/blog/a-guide-to-simplified-aml-compliance-in-the-united-arab-emirates/#:~:text=The%20primary%20regulatory%20body%20in,laws%20to%20prevent%20illicit%20activities.

[389] GRSFG Staff, 1. Who Regulates Banking and Financial Services in Your Jurisdiction?, *Baker McKenzie: Global Financial Services Regulatory Guide* (n.d.), *available at* https://resourcehub.bakermckenzie.com/en/resources/global-financial-services-regulatory-guide/europe-middle-east-and-africa/united-arab-emirates/topics/who-regulates-banking-and-financial-services-in-your-jurisdiction#:~:text=There%20are%20two%20regulators%20in,listed%20companies%20and%20securities%20brokers.

[390] *Id.*

[391] *Id.*

[392] *Id.*

[393] *Id.*

United Arab Emirates Crucial Laws and Regulations

Financial services in the UAE function under a multi-layered regulatory framework, with federal laws governing onshore transactions and independent legal systems in the DIFC and ADGM. Here are the relevant financial compliance laws for the two jurisdictions:[394]

- *Onshore UAE (Federal Law Framework)*
    - Federal Decree-Law No. 32 of 2021 regulates mergers, share transfers, and corporate structuring.
    - Federal Decree-Law No. 14 of 2018 grants the CB-UAE authority over mergers and acquisitions (M&A), requiring approval for ownership changes.
    - Federal Law No. 36 of 2023 and Cabinet Resolution No. 3 of 2025 regulate market concentration and competition thresholds.
    - Securities and Commodities Authority (SCA) regulations, including Decision No. 18 of 2017, govern M&A involving publicly listed companies.
    - Central Bank regulations, such as Circulars No. 2 and 5 of 2020, outline requirements for banks and financial institutions.
- *DIFC and ADGM (Common Law Framework)*
    - DIFC Companies Law No. 5 of 2018 and Regulatory Law No. 1 of 2004 — regulated by the Dubai Financial Services Authority (DFSA);
    - The FSRA administers ADGM Companies Regulations 2020 and Financial Services and Markets Regulations 2015.
    - Listed companies in DIFC and ADGM must comply with their respective takeover rules;
    - Dubai (virtual assets service providers located in Dubai); and
    - Virtual Assets Regulatory Authority (VARA) Company Rulebook (particularly part D – M&A).

FINDINGS AND DISCUSSION

This section contains five subsections. The first subsection compares the financial compliance approaches for the BRICS+ countries. The second subsection contrasts the BRICS+ countries from a geographical perspective. The third subsection assesses the BRICS+ nations from an economic viewpoint. The fourth subsection evaluates the BRICS+ partners from an economic angle. The fifth subsection discusses Algeria's, Argentina's, and Saudi Arabia's BRICS+ membership applications. Finally, the sixth subsection evaluates the BRICS+ countries and partners to predict which nation or nations will be the next in line to become full BRICS+ members.

Comparison of the Different BRICS+ Financial Compliance Approaches

For each of the ten BRICS+ countries in the literature review, the financial compliance framework, authorities, and many of the laws and regulations were described. This assessment revealed that the BRICS+ countries' approach to financial compliance arose from different perspectives. The three relevant financial compliance approaches are the integrated, sectoral, and twin peaks.

The integrated approach to financial compliance for countries is a holistic, coordinated effort to address financial risks, such as AML and CFT.[395] In contrast, the sectoral approach to financial compliance for nations is concerned with adapting AML and CFT measures to specific risks and activities instead of applying a one-size-fits-all approach.[396] Finally, the twin peaks model permits each regulator to concentrate on its core mandate – financial soundness for the prudential regulator and market conduct for the conduct regulator.[397] Thus, the BRICS+ countries can be compared to each other via the financial compliance approach employed.

Brazil employs an integrated financial compliance approach involving multiple regulatory bodies such as the CVM, BCB, and the COAF, that work together to enforce AML, CFT, and other financial regulations.[398] In contrast, Russia's financial compliance approach is not necessarily fully integrated or consistent with international standards, due to the United States sanctions and its suspension from FATF membership. This means Russia's financial compliance measures are less effective than other countries

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[394] Adela Mues, Kate Iliff, & Mira Bagaeen, First-Step Analysis: Legal and Regulatory Framework for Financial Services M&A in United Arab Emirates, *Lexology* (Mar. 7, 2025), *available at* https://www.lexology.com/library/detail.aspx?g=e64648ac-c78d-43ec-bb73-1f3e1cac01b2#:~:text=Financial%20institution%20directors%20must%20ensure,fines%2C%20regulatory%20sanctions%20and%20disqualification.

[395] TSS Staff, *supra*, note 11.

[396] FATF Staff, *supra*, note 19.

[397] FRRSC Staff, *supra*, note 32.

[398] Editorial Team, AML Compliance Guidelines: Brazil, *Sanctions.io* (Jan.23, 2025), *available at* https://www.sanctions.io/blog/aml-compliance-guidelines-brazil.

actively cooperating with the FATF and other international organizations.[399] India is actively working towards an integrated financial compliance approach, including reinforcing KYC compliance, implementing AML and CFT law and regulations, and incorporating climate-related risks into its regulatory framework.[400] China has a risk-based regulatory philosophy with assorted monitoring tools, a carrot-and-stick approach to financial compliance education and punishment, and a devotion to international AML and CFT standards such as those prescribed by the FATF. In other words, China approaches financial compliance from an integrated perspective.[401] South Africa currently employs a twin peaks approach to financial compliance.[402] However, South Africa is progressing towards a risk-based integrated financial compliance approach, particularly regarding AML and CFT, by uniting various stakeholders with technology.[403]

For the new BRICS+ arrivals, the financial compliance situation is slightly different. Egypt uses an integrated financial compliance approach, seen by its participation in the Middle East and North Africa Financial Action Task Force (MENA-FATF),[404] its strengthening of its AML and CFT systems, its Financial Inclusion Strategy (FIS), and an Integrated National Financing Strategy (INFS).[405] Ethiopia is moving towards an integrated financial compliance approach, focusing on Know Your Business (KYB) and KYC by verifying business details, ownership structures, and compliance records, ensuring transparency and reducing financial crimes.[406] Indonesia is currently following the twin peaks approach to financial compliance.[407] Even so, the country is also moving towards an integrated financial compliance approach by implementing its Financial Sector Omnibus Law (FSOL) with the ongoing efforts of the OJK. The OJK implements Basel III banking reforms and utilizes Supervisory Technologies (SupTech) to augment its supervisory efficiency over financial conglomerates and non-financial organizations.[408] As previously stated, the CBI regulates the financial institutions in Iran, the FIU collects and analyzes financial intelligence, and the MEAF oversees financial regulations and taxation and develops economic policies.[409] Even so, because Iran is currently working to implement its FATF recommendations and because of the United States sanctions environment, the country does not fully possess an integrated financial compliance approach. Iran has had issues implementing critical AML and CFT measures, such as effectively criminalizing terrorist financing and putting robust suspicious transaction reporting into action.[410] Finally, the UAE's financial compliance framework is a multi-dimensional system overseen by the CB-UAE, the SCA, the DFSA, and the FSRA-UAE.[411] Strictly speaking, the UAE employs a

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[399] KYC Staff, Russian Federation Country Summary, *Know Your Country* (n.d.), *available at* https://www.knowyourcountry.com/russian-federation#:~:text=Anti%20Money%20Laundering&text=The%20Russian%20Federation%20is%20not,membership%20of%20the%20Russian%20Federation.

[400] NDA Staff, Advancing ESG: India's New Disclosure Frameworks by RBI and SEBI, *Nishith Desai Associates* (June 04, 2024), *available at* https://nishithdesai.com/fileadmin/user_upload/Html/Hotline/Yes_Governance_Matters_June0424-M.html#:~:text=Advancing%20ESG:%20India's%20New%20Disclosure%20Frameworks%20by,"assurance"%20with%20"assessment"%20to%20reduce%20compliance%20burdens.

[401] Jin Luo, China's Anti-Money Laundering Work: A Decade of Progress, *The People's Bank of China* (Oct. 25, 2016), *available at* http://www.pbc.gov.cn/english/130724/3170687/index.html#:~:text=In%20regards%20to%20the%20regulation,international%20standards%20set%20by%20FATF.

[402] Natalie Scott, & Slade van Rooyan, *supra*, note 291.

[403] SARB Staff, Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), *South African Reserve Bank* (n.d.), *available at* https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation/anti-money-laundering-and-countering-the-financing-of-terrorism.

[404] MENA-FATF Staff, Anti-Money Laundering and Counter- Terrorist Financing Measures: The Arab Republic of Egypt Mutual Evaluation Report, *Middle East and North Africa Financial Action Task Force* (May 2021), *available a*t https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/MENAFATF-MER-Egypt-2021-English.pdf.

[405] INFF Staff, Egypt's Integrated National Financing Strategy: Key Messages, *Ministry of Planning, Economic Development and International Cooperation, Egypt* (2024), *available at* https://www.undp.org/sites/g/files/zskgke326/files/2025-03/final_key_messages_1c_16-3-2025.pdf.

[406] Dennis Lupambo, Modernizing Ethiopian Banking: The Mandate for KYC Compliance and Unified Profiles, *Mint Group* (Apr. 17, 2024), *available at* https://za.mintgroup.net/blog/finance/modernizing-ethiopian-banking/#:~:text=In%20the%20dynamic%20landscape%20of,and%20protect%20against%20illicit%20activities.

[407] Zachary J. Zweihorn, *supra*, note 346.

[408] IMF Cap. Mkts. Dept., Indonesia: Financial Sector Assessment Program-Detailed Assessment of Observance-Basel Core Principles for Effective Banking Supervision, *International Monetary Fund* (Aug. 13, 2024), *available at* https://www.elibrary.imf.org/view/journals/002/2024/273/article-A001-en.xml#:~:text=The%20Financial%20Services%20Authority%20(OJK,digitalization%2C%20cyber%20and%20climate%20change.

[409] GGLS Staff, *supra*, note 374.

[410] EG Staff, The Debate Over Iran's Financial Reform Laws: The Iran Primer, *Eurasia Group* (May 3, 2019), *available at* https://www.eurasiagroup.net/live-post/the-debate-over-irans-financial-reform-laws.

[411] AML Watcher Staff, *supra*, note 390.

two-twin-peaks approach to financial compliance. However, one can infer that the UAE does employ an integrated financial compliance framework to address AML and CFT shortcomings, including a risk-based approach, stricter regulations, and enhanced oversight.[412]

Table 8 provides a summary of the information in the previous two paragraphs.

Table 8. Financial Compliance Approach in the BRICS+ Countries

BRICS+ Countries	Financial Compliance Approach
Brazil	Integrated approach
Russia	Working towards a fully integrated approach
India	Working towards a fully integrated approach
China	Working towards a fully integrated approach
South Africa	Twin peaks, but working towards integration
Egypt	Integrated approach
Ethiopia	Working towards an integrated approach
Indonesia	Twin peaks, but working towards full integration
Iran	Not integrated due to United States sanctions
UAE	Two twin peaks but working towards full integration

Thus, Table 8 shows that the BRICS+ members are either fully integrated or working towards an integrated financial compliance framework.

Geographical Comparison of the BRICS+ Countries

From a geographical perspective, the location of the BRICS+ countries makes little sense. Brazil is in South America, Russia is in Eurasia, India and China are in Asia, South Africa, Egypt, and Ethiopia are in Africa, Indonesia is in Southeast Asia or Oceania, Iran is in West Asia, and the UAE is in the Middle East. Significant distances exist between the countries, so their membership in a common economic and geopolitical organization only makes sense if these nations view themselves as non-Western countries. The exception is Brazil, which is geographically isolated from the rest of the BRICS+ countries due to its location in South America. A world map of the BRICS+ countries appears in Figure 1.[413]

[412] Tookitaki, The Future of AML Compliance in the UAE: Trends and Predictions, *Tookitaki* (Apr. 28, 2023), *available at* https://www.tookitaki.com/compliance-hub/future-of-aml-compliance-uae-trends-predictions#:~:text=Greater%20focus%20on%20anti-money,monitor%20transactions%20for%20suspicious%20activities.

[413] File: Map of BRICS countries.svg, *Wikimedia Commons* (Feb. 3, 2025), *available at* https://commons.wikimedia.org/wiki/File:Map_of_BRICS_countries.svg.

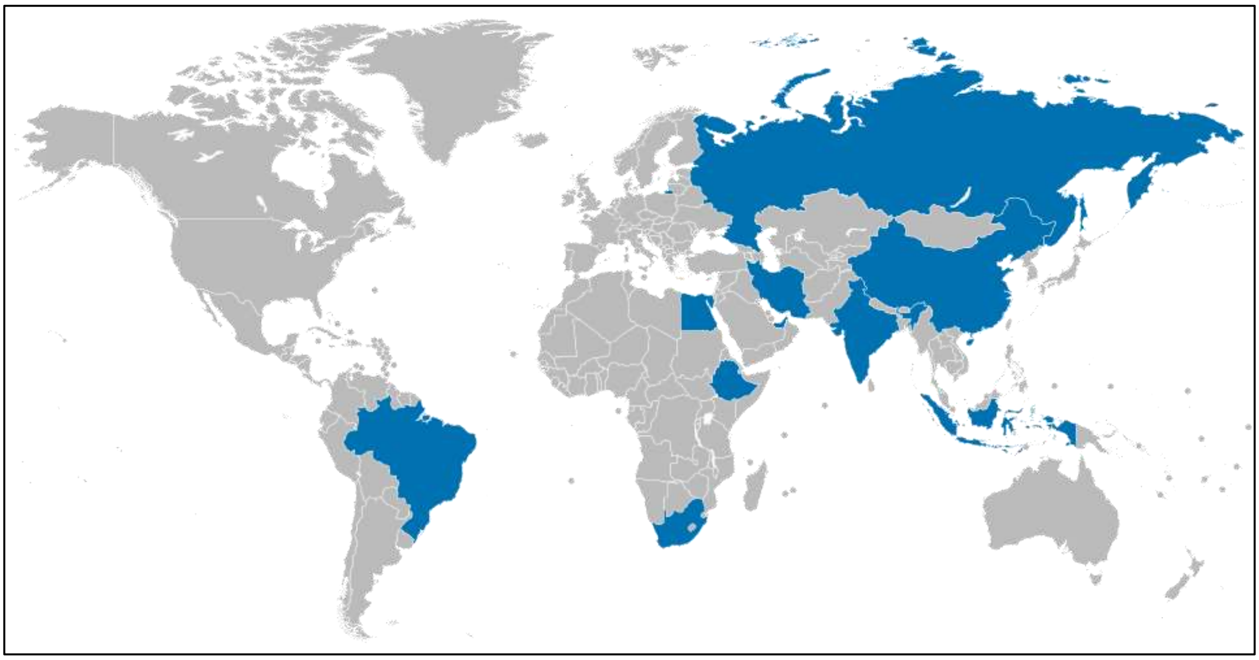

Figure 1. World Map Showing the Location of the BRICS+ Countries

Observe that there are various distances between members. Even so, there does seem to be some locational coalescence in Eastern Asia.[414]

Economic Comparison of the BRICS+ Countries

Because of the diverse locations of the BRICS+ countries, the internal economic systems of these nations were likely a factor when the organization was founded. Brazil is a mixed market economy or a capitalist free market system with some government intervention.[415] When the Union of Soviet Socialist Republics (USSR) existed from 1917 to 1991, Russia was a communist nation. However, Russia currently has a mixed market economy.[416] After the 1990s, India transitioned from a socialist economy to a more market-oriented economy.[417] Officially, as per its constitution, India is a socialist country.[418] Since 1948, China has been a communist country.[419] However, China is currently a socialist market economy (SME), where public ownership and state-owned enterprises are the norm.[420] South Africa is a centrally controlled mixed economy that combines market economic features with significant government intervention.[421]

Egypt has a mixed economic system that blends private sector business activity with government regulation and central planning, while in previous years it relied heavily on aid from the USSR and the IMF.[422] The Derg regime, a military junta that ruled Ethiopia

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414 *Id.*

415 GE Staff, Brazil: Introduction, *Global Edge* (n.d.), *available at* https://globaledge.msu.edu/countries/brazil.

416 Leon Aron, The Strange Case of Russian Capitalism, *American Enterprise Institute* (Jan. 1, 1998), *available at* https://www.aei.org/research-products/report/the-strange-case-of-russian-capitalism/#:~:text=In%20Russia%20(as%20in%20other,against%20the%20totalitarian%20Communist%20state.

417 Surajit Mazumdar, Industrialization, Dirigisme and Capitalists: Indian Big Business from Independence to Liberalization, *NMML Occasional Paper History and Society* 7 (2012), *available at* https://mpra.ub.uni-muenchen.de/93158/1/MPRA_paper_93158.pdf.

418 Preamble, *Constitution of India* (Dec. 1, 2007), *available at* https://web.archive.org/web/20140909230437/http://lawmin.nic.in/coi/coiason29july08.pdf.

419 Lindsay Maizland, & Eleanor Albert, The Chinese Communist Party, *Council on Foreign Relations* (Oct. 6, 2022), *available at* https://www.cfr.org/backgrounder/chinese-communist-party.

420 Xiaoqin Ding, The Socialist Market Economy: China and the World, 73 SCIENCE & SOCIETY 2, 235-41 (Apr. 2009), *available at* https://guilfordjournals.com/doi/10.1521/siso.2009.73.2.235.

421 Staff Reporter, Did Sa's Bee Spark Xenophobia?, *New Era* (Jun. 6, 2008), *available at* https://neweralive.na/did-sas-bee-spark-xenophobia/.

422 Jack McGinn, & Hossam El Shazly, A Toxic Economy: The Egyptian Model. *London School of Economics and Political Science* (May 18, 2018), *available at* https://blogs.lse.ac.uk/mec/2018/05/18/a-toxic-economy-the-egyptian-model/#:~:text=In%20an%20economic%20evaluation%20report%20the%20Central,free%20world%20as%20from%20the%20communist%20world.&text=This%20sets%20the%20scene%20when%20describing%20the%20Egyptian%20economy%20as%20a%20'toxic%20economy'.

from 1974 to 1991, was a Marxist-Leninist government. They implemented land reform, nationalization of industries, and collectivization of agriculture, all of which were consistent with communist ideology. However, after the Derg regime collapsed in 1991, Ethiopia moved to a market-oriented economic system.[423] Indonesia has a mixed economy that includes Pancasila economics, or a controlled market economy, that combines market principles with government regulation and social values. Essentially, Indonesia possesses a socially responsible mixed economy.[424] Iran has a centrally planned mixed economy with a significant public sector.[425] A distinctive characteristic of Iran's economy is that it relies on sizable religious foundations, called bonyads, that comprise approximately 30 percent of the government's spending, demonstrating that central planning is built into Iran's economy.[426] In contrast to the recent additions to BRICS+, the UAE possesses an open market economy with a robust emphasis on trade, tourism, and financial services. The UAE is primarily a free market economy with a healthy business climate, encouraging investment and promoting a vibrant private sector.[427] Table 9 summarizes the differences in the BRICS+ countries' economic systems.

Table 9. The Economic Systems of the BRICS+ Countries

BRICS+ Countries	Economic System
Brazil	Mixed market economy with some government intervention
Russia	Mixed market economy, previously a communist command economy
India	Mixed market economy, but officially a socialist economy
China	Socialist market economy
South Africa	Centrally controlled mixed market economy
Egypt	Mixed market economy with government regulation and central planning
Ethiopia	Market-oriented economy, but previously a Marxist-Leninist central planning economy
Indonesia	Mixed market economy that includes Pancasila economics
Iran	Mixed market economy with significant central planning
UAE	Primarily a free market economy with a healthy private sector

From Table 9, most of the BRICS+ countries are mixed market economies with substantial central planning. The only exception to this rule is the UAE, which possesses a free market economy. Furthermore, many of the BRICS+ countries have either socialist or communist economic roots, demonstrating that the organization leans significantly left of center from an economic and political perspective. When this information is merged with the information in Table 8, it is apparent that the BRICS+ are evolving towards a mixed market economy and an integrated financial compliance approach.

Economic Comparison of the BRICS+ Partners

The BRICS+ partners include Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Türkiye, Uganda, Uzbekistan, and Vietnam. The economic system in Belarus is a mixed economy with significant state control and substantial state ownership, where

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[423] *See generally*, Fikadu Abera Garedow, Political Institutions and Economic Performance in Ethiopia: An Auto Regressive Distributed Lag Bound Approach to Co-Integration, 24 JOURNAL OF ECONOMICS AND DEVELOPMENT 1 (Feb. 23, 2022), *available at* https://www.emerald.com/insight/content/doi/10.1108/jed-10-2020-0150/full/html#:~:text=Shortly%20after%20the%20political%20and%20economic%20change,the%20implementation%20of%20a%20more%20market-oriented%20economy.

[424] Agussalim Suaeb, Ahmad Yani, & Nunuk Suryanti, History and Implementation of Pancasila Economic Education in Indonesia, 6 RIWAYAT EDUCATIONAL JOURNAL OF HISTORY AND HUMANITIES 1, 13-22 (Jan. 13, 2023), *available at* https://www.researchgate.net/publication/367977793_History_and_Implementation_of_Pancasila_in_Economic_Education_in_Indonesia/fulltext/63dbd349c97bd76a82599a6d/History-and-Implementation-of-Pancasila-in-Economic-Education-in-Indonesia.pdf#:~:text=This%20constitutional%20message%20shows%20that%20the%20Indonesian,Pancasila%20(%20Panca-sila%20)%20precepts%20(Ruslina%2C%202012).

[425] Esfandyar Batmanghelidj, *supra*, note 361.

[426] GS Staff, Bonyad-e Mostazafan va Janbazan: Oppressed and Disabled Veterans Foundation (MJF), *Global Security* (n.d.), *available at* https://www.globalsecurity.org/military/world/iran/mjf.htm.

[427] HF Staff, Economic Freedom Country Profile: United Arab Emirates, *The Heritage Foundation* (Feb. 2025), *available at https://www.heritage.org/index/pages/country-pages/united-arab-emirates#:~:*text=The%20United%20Arab%20Emirates'%20economy%20is%20considered,open%20trade%20regime%20sustains%20momentum%20for%20growth.

the economy is frequently described as market socialism or a socially-oriented market economy.[428] Although Bolivia possesses a mixed market economy, where the state owns and manages the country's critical sectors, particularly in the resource-abundant mining industry, such as natural gas and lithium.[429] Cuba enjoys a centrally planned, socialist economy, where the government owns and controls the means of production, with a gradual shift to some private business and foreign investment.[430] Kazakhstan is moving towards a mixed economic system, but its economy still includes government planning and regulatory artifacts, mainly in the resource-rich sectors.[431] Malaysia experiences a mixed economic system containing market economy as well as government intervention and planning elements. The economy exhibits a high level of economic freedom with some issues connected to regulatory efficiency.[432] Nigeria is a mixed market economy with a significant private sector, but with some state-owned enterprises and government regulation.[433]

Thailand is an ancient Southeast Asian kingdom, previously known as Siam, that retained its independence from Great Britain.[434] It has a mixed economy that is competitive, export-oriented, focused on free markets with some government intervention and regulation. Thailand has a diverse economy comprising agriculture, manufacturing, tourism, and service sectors, where the manufacturing and service sectors enjoy rapid growth.[435] Türkiye has a mixed economy with a growing and strong private sector, with significant government intervention in critical industries.[436] Uganda functions as a mixed market system, where the private sector and the government jointly own resources, make economic decisions, and allocate resources. Uganda is also a member of the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC).[437] Uzbekistan is transitioning from a centrally planned command economy to a market-oriented economy. Although its government predominantly heavily influences its economy, Uzbekistan is moving towards liberalizing private sector involvement, where the critical economic sectors are agriculture and natural resources such as gas, gold, and uranium.[438] Finally, Vietnam is officially a socialist-oriented market economy, meaning that it is a mixed economy where the government exercises considerable influence in directing the country's economic development. In other words, the private sector can function provided it operates within a socialist economy that blends state planning and market forces.[439] Table 10 shows the differences in the BRICS+ partners' economic systems.

Table 10. The Economic Systems of the BRICS+ Partners

BRICS+ Partners	Economic System

[428] Wikipedia Staff, Economy of Belarus, *Wikipedia.org* (Jan. 23, 2025), *available at* https://en.wikipedia.org/wiki/Economy_of_Belarus#:~:text=The%20economy%20of%20Belarus%20is,74th-largest%20economy%20by%20GDP.
[429] Focus Staff, Bolivia Economic Data & Projections, *Focus Economics* (2025), *available at* https://www.focus-economics.com/countries/bolivia/#:~:text=Resource-rich%20economy:,develop%20its%20full%20economic%20potential.
[430] Wikipedia Staff, Economy of Cuba, *Wikipedia.org* (Mar. 16, 2025), *available at* https://en.wikipedia.org/wiki/Economy_of_Cuba#:~:text=The%20economy%20of%20Cuba%20is,%2C%20healthcare%2C%20and%20food%20subsidies.
[431] Craig Turp-Belazs, Economy in focus: Kazakhstan, *Emerging Europe* (Oct. 15, 2024), *available at* https://emerging-europe.com/analysis/economy-in-focus-kazakhstan-2/#:~:text=Over%20the%20past%20decade%20however%2C%20Kazakhstan%20has,energy%20as%20more%20sustainable%20engines%20of%20growth.&text=In%202021%2C%20Kazakhstan%20launched%20its%20Green%20Economy,its%20energy%20from%20renewable%20sources%20by%202050.
[432] Wikipedia Staff, Economy of Malaysia, *Wikipedia.org* (Apr. 10, 2025), *available at* https://en.wikipedia.org/wiki/Economy_of_Malaysia.
[433] HF Staff, Economic Freedom Country Profile: Nigeria, *The Heritage Foundation* (Feb. 2025), *available at* https://www.heritage.org/index/pages/country-pages/nigeria#:~:text=State%20ownership%20of%20banks%20and,Openness%20to%20foreign%20competition.
[434] Charles F. Keyes, & E. Jane Keyes, History of Thailand, *Encyclopedia Britannica* (n.d.), *available at* https://www.britannica.com/topic/history-of-Thailand.
[435] Focus Staff, Thailand Economic Data & Projections, *Focus Economics* (2025), *available at* https://www.focus-economics.com/countries/thailand/#:~:text=Sector%20Analysis,%2C%20and%20net%20exports%202%25.
[436] CAG Staff, Türkiye: Economic and Political Overview, *Crėdit Agricole Group* (n.d.), *available at* https://international.groupecreditagricole.com/en/international-support/turkiye/economic-overview.
[437] GE Staff, Uganda: Introduction, *Global Edge* (n.d.), *available at* https://globaledge.msu.edu/countries/uganda#:~:text=Uganda%20has%20a%20mixed%20economic,East%20African%20Community%20(EAC).
[438] Denis Sinor, & David Roger Smith, Economy of Uzbekistan, *Encyclopedia Britannica* (Apr. 9, 2025), *available at* https://www.britannica.com/place/Uzbekistan/Economy.
[439] Vietnam Briefing, Why Is Vietnam's Economy Growing So Fast?, *Vietnam Briefing* (Nov. 4, 2024), *available at* https://www.vietnam-briefing.com/news/why-is-vietnams-economy-growing-so-fast.html/#:~:text=The%20country%20also%20focuses%20on,that%20need%20reliable%20production%20bases.

Belarus	Market socialism or socially-oriented market economy
Bolivia	Mixed market economy where the state owns and manages the natural gas and lithium mining industry
Cuba	A centrally planned, socialist economy
Kazakhstan	Government-owned and controlled resource-rich sector
Malaysia	Mixed market economy with some government intervention
Nigeria	Mixed market economy with a significant private sector
Thailand	Competitive, export-oriented economy focused on free markets
Türkiye	Mixed market economy with a strong private sector
Uganda	Mixed market economy with joint public and private ownership and control of resources
Uzbekistan	Transiting from a centrally planned economy to a market-oriented economy
Vietnam	Officially a socialist-oriented market economy, but moving towards a mixed market economy

From Table 10, again, it is seen that the vast majority of the BRICS+ partners are mixed market economies with a history of central planning. In this instance, the only exception is Thailand, which has a competitive, export-oriented economy concentrated on free-market economics. The central planning feature of the BRICS+ partners binds them together and unites them with the BRICS+ countries. Even so, the economies of the BRICS+ partners, like the BRICS+ countries, are evolving towards mixed market economies, thereby permitting them to further engage in world trade.

Issues with Algeria, Argentina, and Saudi Arabia

Algeria, Argentina, and Saudi Arabia are discussed because, for one reason or another, these three countries did not become BRICS+ members when they either applied or were invited to join the organization. Each country is discussed in turn.

Issues with Algeria

When Algeria applied for BRICS membership, its candidacy was rejected for several reasons. First, the nominal GDP per capita was deemed too low by the founding BRICS members, Brazil, Russia, India, China, and South Africa, at $3,500 per inhabitant.[440] For comparison purposes, Argentina's nominal GDP per capita was over $10,000.[441] Second, Algeria was weakly industrialized, lacked sufficient economic diversification, and had no clear government projects designed to stimulate Algeria's textile industry.[442] Finally, the Algerian economy demonstrated anemic exports and job creation, almost no international financial sense, and an underdeveloped banking system.[443] Thus, the original five BRICS countries rejected Algeria's application to join the organization.

Issues with Argentina

On August 24, 2023, Argentina's former president, Alberto Fernández, a member of the left-of-center Justicialist Party, was invited to join BRICS+, pointing out that it turned a new page on the country's economic future.[444] Argentina was expected to become a full member on January 1, 2024. In the four-month interim period, Javier Milei, a member of the right-of-center Libertarian Party, was elected president. On December 22, 2023, Milei formally rejected the invitation, stating that it was inappropriate for Argentina to join the organization.[445]

Given the economic and political analysis above, it is evident that there was scant political common ground. BRICS+ countries are more or less democratic republics, monarchies, autocratic federations, and theocracies with varying anti-West stances.[446] In other

[440] ANA Staff, Algeria: BRICS Membership Rejected, *Africa News Agency* (Jul. 14, 2023), *available at* https://africa-news-agency.com/algeria-brics-membership-rejected/.
[441] *Id.*
[442] *Id.*
[443] *Id.*
[444] Clarisa Giaccaglia, La Profundización de la Fragmentación intra BRICS. La Pandemia Como Acelerador de Tendencias y la Guerra Ruso Ucraniana en la Turbación de Identidades, 135 CUPEA CUADERNOS DE POLITICA EXTERIOR ARGENTINA (Jun. 2022), *available at* https://cupea.unr.edu.ar/index.php/revista/article/view/131.
[445] *Id.*
[446] Lucia Scaffardi, BRICS, a Multi-Centre "Legal Network"?, 5 BEIJING LAW REVIEW, 140-148 (2014), *available at* https://www.scirp.org/journal/paperinformation?paperid=47127.

words, BRICS+, an informal partnership among countries, failed to provide an alternative method of global governance as exemplified by the G7. There are also significant intra-entity economic differences among the membership.[447]

As BRICS+ matured, it focused on political and security cooperation, financial and economic cooperation, and people-to-people cooperation.[448] Despite internal differences and meager institutionalization, trade among BRICS+ is consistently growing.[449] When the new countries (i.e., Egypt, Ethiopia, Indonesia, Iran, and the UAE) joined BRICS to form BRICS+, the organization concentrated on world energy resources, where over 50 percent of the world's gas and oil reserves exist within the bloc's boundaries.[450] Even so, as discussed in this paper's literature review above, there is a movement by the BRICS+ countries towards an integrated financial compliance approach, but uniform governance rules have yet to emerge.

For Argentina, China is the nation's major trading partner.[451] It should be remembered that China has invested in Argentina's infrastructure, energy, natural resources, soybeans, and lithium. Hence, Argentina's initial decision to join BRICS+ was a reasonable political gesture.[452] However, Milei's decision to reject the invitation seemingly fulfilled an election promise, as he had pledged to realign Argentina with the West and the G7.[453] Argentina's national debt has yet to vanish, and the country's inflation is slowly decreasing. Thus, in his letter to the BRICS+ members, closing the door on BRICS+ membership, he opened a window by declaring that if circumstances change, he would consider joining the bloc.[454]

Issues with Saudi Arabia

During the October 2024 BRICS+ summit meeting, the Saudi Foreign Minister Prince Faisal bin Farhan attended only the last day of the gathering.[455] At the final assembly, Farhan only promised to strengthen Saudi Arabia's partnership with BRICS+, but did not commit to becoming a full member.[456] This ambiguous stance needs some explanation.

First, by delaying the joining of BRICS+, Saudi Arabia has become a source of embarrassment, and its fickle action has established a negative precedent for potential future members.[457] Second, Saudi Arabia's decision to delay and Argentina's rejection of BRICS+ membership demonstrate that joining the organization may result in some costs, a result that the entity wanted to avoid. It should be remembered that about 40 nations have shown interest in becoming BRICS+ members to diversify their economic trading partners and gain access to prominent economic and financial decision-makers such as China.[458] Finally, because Saudi Arabia has a long-standing economic, political, and financial relationship with the United States, Saudi Arabia's decision shows other nations how to balance their existing partnerships with BRICS+ in an uncertain and soon-to-become multi-polar world.[459]

Evaluation of the BRICS+ Countries and Partners

On September 17, 1973, Mesarovic and Pestel, on behalf of the Club of Rome, published a regionalized and adaptive model of the global world system.[460] [461] This report was a strategy for the years to come. The idea was to provide a basis for managing conflict through cooperation.[462] The model proposed by Mesarovic and Pestell was a world system model, where a world system is a socio-

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[447] *Id.*
[448] Clarisa Giaccaglia, *supra*, note 445.
[449] Daniel Azevedo, Saurabh Bakliwal, Cinthia Chen, Marc Gilbert, Iacob Koch-Weser, Nikolaus Lang, & Michael McAdoo, An Evolving BRICS and the Shifting World Order, *Boston Consulting Group* (Apr. 29, 2024), *available at* https://www.bcg.com/publications/2024/brics-enlargement-and-shifting-world-order.
[450] Chris Devonshire-Ellis, The New Candidate Countries for BRICS Expansion, *Europe Solidaire Sans Frontières* (Nov. 9, 2022), *available at* https://www.europe-solidaire.org/spip.php?article65466.
[451] Diana Roy, China's Growing Influence in Latin America, *Council on Foreign Relations* (Jan. 10, 2025), *available a*t https://www.cfr.org/backgrounder/china-influence-latin-america-argentina-brazil-venezuela-security-energy-bri.
[452] Clarisa Giaccaglia, *supra*, note 445.
[453] *Id.*
[454] *Id.*
[455] Oliver Stuenkel, & Margot Treadwell, Why Is Saudi Arabia Hedging Its BRICS Invite?, *Carnegie Endowment for International Peace* (Nov. 21, 2024), *available at* https://carnegieendowment.org/emissary/2024/11/brics-saudi-arabia-hedging-why?lang=en.
[456] *Id.*
[457] *Id.*
[458] *Id.*
[459] *Id.*
[460] Mihajlo D. Mesarovic, & Eduard C. Pestel, Regionalized and Adaptive Model of the Global World System: Strategy for Survival Project of the Club of Rome, *Club of Rome* (Sep. 17, 1973), *available at* https://www.yumpu.com/en/document/read/4967419/club-of-rome-report-regionalized-and-adaptive-model-of-the-global-world.
[461] Douglas C. Youvan, The Club of Rome and the 10 Kingdoms: Unraveling Intent, Emergent Phenomena, and Prophetic Interpretations in Global Governance, *Researchgate.net* (Jan. 2025), *available at* file:///C:/Users/Owner/Downloads/TheClubofRomeandthe10Kingdoms-UnravelingIntentEmergentPhenomenaandPropheticInterpretationsinGlobalGovernance.pdf.
[462] *Id.*

economic system that comprises part or all of the planet, where the aggregate structural result is the sum of the interactions between polities.[463] World systems can be larger than single states but may not be global.[464] The model divided the world systems into the following ten groups or regions:[465]

- North America
- Western Europe
- Japan
- Rest of the Developed Market Economies
- Eastern Europe
- Latin America
- North Africa and the Middle East
- Main Africa
- South and Southeast Asia
- Centrally Planned Asia

The model involved geophysical, ecological, technological (transfer of energy), economic, institutional, socio-political, value-cultural, and human-biological factors. A computer simulation was developed and evaluated employing an extensive collection of data. The model was used to assess alternative scenarios for future research. The theory illuminates the rise and fall of nations, income inequality, social unrest, and imperialism.[466] The world map of these ten groups or regions listed above is depicted in Figure 2.[467]

When the Mesarovic and Pestel report became public in 1973, many individuals were shocked at its findings. The report with Meadows et al.'s book published in 1972 entitled *The Limits to Growth*[468] led to intensified awareness of environmental issues. Some individuals and organizations criticized the Mesarovic and Pestel report and the Meadows et al. book, deeming them overly pessimistic.[469] However, the results contributed to an emerging environmental movement, putting environmental issues on the global public agenda.[470]

Times have changed in the 50 years since the Mesarovic and Pestel report and the Meadows et al. book were published. The USSR dissolved on December 26, 1991.[471] The Warsaw Pact, which ended on February 25, 1991, satellite states of Albania, Bulgaria, Czechoslovakia, East Germany (united with West Germany on October 3, 1990[472]), Hungary, Poland, and Romania became independent countries.[473]

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[463] Carlos A. Martínez-Vela, World Systems Theory, *Research Seminar in Engineering Systems* (Nov. 2003), *available at* http://web.mit.edu/esd.83/www/notebook/WorldSystem.pdf.
[464] *Id.*
[465] Mihajlo D. Mesarovic, & Eduard C. Pestel, *supra*, note 461.
[466] Carlos A. Martínez-Vela, *supra*, note 463.
[467] Mihajlo D. Mesarovic, & Eduard C. Pestel, *supra*, note 461.
[468] DONELLA H. MEADOWS, DENNIS L. MEADOWS, JØRGEN RANDERS, & WILLIAM H. BEHRENS III, THE LIMITS TO GROWTH (A Potomac Associates Book 2nd ed. Jan. 1, 1972).
[469] DONELLA H. MEADOWS, JØRGEN RANDERS, & DENNIS L. MEADOWS, THE LIMITS TO GROWTH: THE 30-YEAR UPDATE (Chelsea Green Publishers 2004).
[470] *Id.*
[471] DoS Staff, Dissolution of the USSR and the Establishment of Independent Republics, 1991, *U.S. Department of State* (Jan. 20, 2001 to Jan. 20, 2009), *available at* https://2001-2009.state.gov/r/pa/ho/time/pcw/108229.htm#:~:text=The%20total%20collapse%20of%20the,played%20a%20role%20as%20well.
[472] NATO Staff, German Reunification, *North Atlantic Treaty Organization* (Jan. 1, 1990), *available at* https://www.nato.int/cps/fr/natohq/declassified_136311.htm#:~:text=With%20the%20reunification%20of%20Germany,in%20its%20membership%20of%20NATO.
[473] NATO Staff, What was the Warsaw Pact?, *North Atlantic Treaty Organization* (n.d.), *available at* https://www.nato.int/cps/en/natohq/declassified_138294.htm#:~:text=The%20Warsaw%20Pact%20was%20a,(Albania%20withdrew%20in%201968).

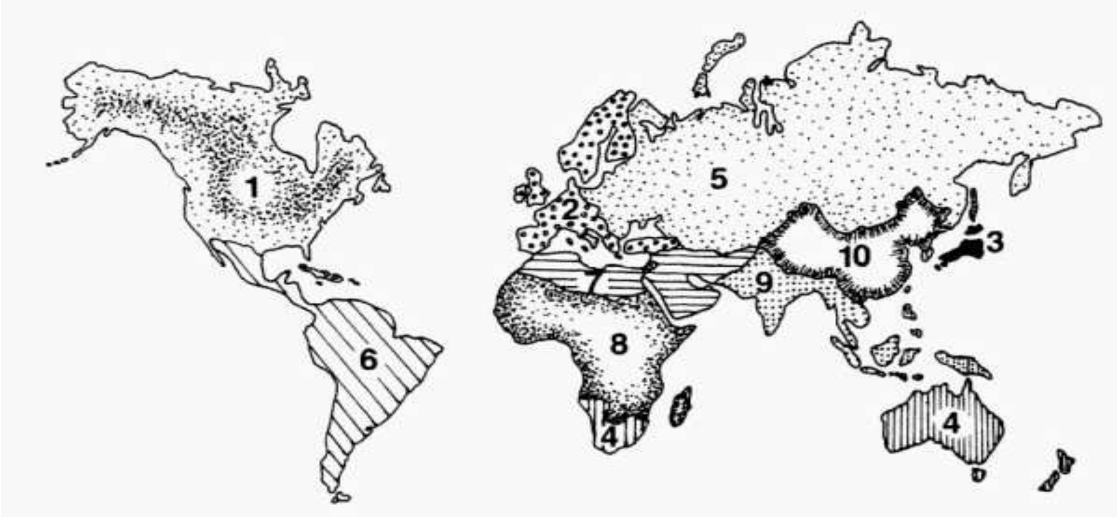

Figure 2. Ten Groups or Regions from the Club of Rome

Note: The map in Figure 2 appears in the Mesarovic and Pestel report from the Club of Rome. It should be noted that the map in Figure 2 does not contain the island of Greenland, which is northeast of Canada in the North Atlantic Ocean.

On November 1, 1993, the EU was officially created in Maastricht, Netherlands.[474] The Western European nations joined the EU, along with a plurality of the former Soviet satellite nations.[475] Yugoslavia broke into six republics, eventually becoming Slovenia, Croatia, Bosnia and Herzegovina, North Macedonia, Serbia, and Montenegro.[476] With the advent of Donald Trump's second term as President of the United States, he has offered to purchase or seize Greenland from Denmark for national security reasons.[477] Trump is also making overtures to merge Canada into the United States.[478] If Trump successfully incorporates Canada and Greenland into the United States, he will have created the United States of North America, which is commonly known as the North American Union. Thus, two of the ten regions in Figure 2 will have been legally constituted. As for the remaining eight regions, the evolution of BRICS+ now comes into play.

As seen from Figure 1, the BRICS+ countries are located globally, and some seem to congregate in Asia and Southeast Asia. The other countries are in Africa (i.e., Egypt, Ethiopia, and South Africa) and South America (i.e., Brazil). If other countries in Asia, Africa, and South America eventually decide to join BRICS+, it is evident that BRICS+ may become too large, making the governance of BRICS+ unwieldy. Thus, there is a distinct probability that BRICS+ may break up into regional economic and geopolitical regions whose behavior will resemble the current version of BRICS+. Given potential economic and geopolitical machinations, the world map in Figure 1 may change, but the future result will likely be more or less similar.

What can be said about BRICS+ is that it is a transitory and evolving organization, where the transition and evolution occur in decades, not months or years. BRICS+ will likely grow until the entity's structure becomes too cumbersome. Then, like a biological organism, the cells (i.e., BRICS+ or its future version) will divide into a more manageable economic and geopolitical organization. At that point, the evolution starts all over again. The process will likely end at some point, resulting in a stable economic and geopolitical world structure.

RESEARCH SUMMARIES

This section of the paper presents a summary of the various sections. This includes a summary of the information presented in the introduction section, the research methodology employed, a précis of the literature review, and a synopsis of the findings and

[474] EU Staff, History of the European Union, 1990-99, *European Union* (n.d.), *available at* https://european-union.europa.eu/principles-countries-history/history-eu/1990-99_en#:~:text=7%20February%201992%20–%20Maastricht%20Treaty&text=The%20'European%20Union'%20is%20officially,force%20on%201%20November%201993.
[475] *Id.*
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[477] Ido Vock, Why Does Trump Want Greenland and What Do Its People Think?, *BBC News* (Mar. 24, 2025), *available at* https://www.bbc.com/news/articles/c74x4m71pmjo.
[478] James M. Lindsay, Transition 2025: Donald Trump Sets His Sights on Canada, Greenland, and the Panama Canal, *Council on Foreign Relations* (Dec. 27, 20924), *available at* https://www.cfr.org/blog/transition-2025-donald-trump-sets-his-sights-canada-greenland-and-panama-canal.

discussion. Based on the qualitative information presented herein, the conclusion is that the null hypothesis H0 can be rejected. Finally, recommendations for future research are provided.

Introduction Summary

This article evaluated financial compliance in the BRICS+ countries. The research question was whether financial compliance is adequately addressed in the BRICS+ nations. The null hypothesis postulated that financial compliance was not adequately addressed, whereas the alternative hypothesis put forward that financial compliance was adequately addressed.

In the succeeding subsections, financial compliance was defined, and the integrated, sectoral, and twin peaks approaches to financial compliance were explained. In the next subsection, a compliance program was defined, followed by a description of its characteristics and various compliance program rules. External versus internal norms were outlined. In the final subsection, reputational risk, strategic risk, operational risk, and compliance, also known as regulatory risk, were described.

Historical Background Summary

In this section, general information about BRICS and BRICS+ is sketched. The situation that resulted in the founding of the BRICS countries is described. The historical evolution of the NDB, an alternative to the IMF and the WB, other financial compliance initiatives, and the likelihood of expansion are highlighted. The statistics subsection is of particular interest. The paper observed that the BRICS+ countries comprise 46 percent of the world's population, as opposed to 10 percent for the G7 nations. In 2023 dollars, the BRICS+ countries had a nominal GDP of $27.521 trillion, whereas the G7 had a nominal GDP of $47.39 trillion.

The natural question is, in what year will the nominal GDP of the BRICS+ countries overtake the nominal GDP of the G7? The subsection provided three estimates. The first estimate employed the Rule of 72, where if 72 is divided by a growth rate, the quotient is the approximate number of years it will take for nominal GDP to double. The nominal GDP growth rate for the BRICS+ countries was 4.89 percent, while the nominal GDP growth rate for the G7 countries was 2.00 percent. The doubling period for the BRICS+ countries was 14.72 years, whereas the doubling period for the G7 countries was 36 years. Thus, according to the Rule of 72, the nominal GDP of the BRICS+ countries will exceed the nominal GDP of the G7 countries in September 2040. If all the BRICS+ partners become full members, the nominal GDP growth rate for the combined BRICS+ countries declines to 4.77 percent, but the breakeven period declines from approximately 17.7 to 14.2 years, where the breakeven year is 2037. In contrast, Seli estimated that the nominal GDP of the BRICS+ countries and the G7 nations will be roughly equal in 2045.[479] However, Yiemeru said the two organizations could have similar nominal GDP values as early as 2028.[480] PERT estimation techniques were employed to estimate the reasonably expected year when the nominal GDP of the BRICS+ countries will exceed the nominal GDP of the G7. If none of the BRICS+ partners become full members, the reasonably expected year is 2040.7 in Fall 2040, whereas if all the BRICS+ partners become full members, the reasonably expected year is 2037.0, or at the beginning of 2037. Short of natural catastrophic events, such as massive earthquakes or volcanic eruptions that change the very tenor of human society or an irresistible countervailing economic or political movement, the nominal GDP for BRICS+ countries will inevitably overtake the nominal GDP for the G7 countries in the next decade.

Research Methodology Summary

The null hypothesis H0 and the alternative hypothesis H1 were restated. The null hypothesis H0 asserted that financial compliance in the BRICS+ countries is not adequately addressed. The alternative hypothesis stated that financial compliance in the BRICS+ countries is being adequately addressed. A short discussion of the methodology employed during the research was held. In legal research, there are two categories: doctrinal and non-doctrinal.[481] Doctrinal or theoretical legal research examines the law in a particular area. In doctrinal research, the researcher gathers and tries to scrutinize case law and the relevant legislation from a historical perspective.[482] In contrast, doctrinal and non-doctrinal legal research can exist at the same time in a legal research project.[483]

The study examined the historical background of the BRICS countries. The article then discussed various international financial compliance laws and regulations in the five original BRICS countries, plus financial compliance in the five new BRICS countries. This formed the basis of the doctrinal portion of the study. The findings and discussion section is considered the non-doctrinal part of the article. The study performed a qualitative content analysis that employed inductive reasoning, where themes and categories arose from the data. Some deductive reasoning was also employed, mainly when covering the information evaluated in the study.

[479] Yeshi Seli, *supra*, note 178.
[480] Dereje Yiemeru, *supra*, note 183.
[481] Ian Dobinson, & Francis Johns, *supra*, note 186.
[482] *Id.*
[483] *Id.*

LITERATURE REVIEW SUMMARY

The literature review analyzes financial compliance in the 10 BRICS+ countries. The first five BRICS countries are listed first, followed by the five additional BRICS nations that recently joined the organization. For each country, the assessment is divided into four subsections. The first section provides an overview of financial compliance in a given BRICS+ country. The second subsection discusses the financial compliance framework, while the third subsection depicts the relevant financial authorities. The final subsection lists some relevant laws and regulations for the country under scrutiny.

FINDINGS AND DISCUSSION SUMMARY

The literature revealed the financial compliance laws and regulations for the BRICS+ countries. The organization is not necessarily a monolithic entity as is presumed in the current popular literature and the mainstream media, but an evolving organization moving towards regional entities engaged in intra- and inter-regional economic and geopolitical activities.[484]

The Findings and Discussion section is broken up into six subsections. In the first subsection, the paper demonstrates that the BRICS+ countries are collectively moving closer to an integrated approach to financial compliance. Because geography plays a significant role in trade matters, the section shows that BRICS+ is a geographically displaced international organization in its current state. The third subsection analyzes BRICS+ from an economic system perspective. Table 8 shows that BRICS+ is an entity whose members have mixed-market economies with remnants of centrally planned economies. Only the UAE possesses a healthy free market economy. The fourth subsection performs the economic and geopolitical analysis for the BRICS+ partner countries. The fifth subsection discusses why Algeria, Argentina, and Saudi Arabia did not become BRICS+ members. Algeria was rejected, Argentina declined for the moment, and Saudi Arabia delayed its membership. Finally, the sixth subsection showed that BRICS+ is an evolving organization. The paper projects that BRICS+ will likely grow into separate regional economic and geopolitical organisms that may resemble Mesarovic's and Pestel's predictions of the planet's future.[485]

CONCLUSIONS, RECOMMENDATIONS, AND FUTURE RESEARCH AREAS

This section describes the conclusions, recommendations, and future research areas. Each subsection is discussed in turn.

Conclusions

In 2024, O'Neil cynically remarked that the BRICS+ "serves no real purpose beyond generating symbolic gestures and lofty rhetoric."[486] Although O'Neil may be correct in the very near short run, this paper argues that BRICS+ is a work in progress. The jury is still out, having yet to decide whether BRICS+ is a viable economic and geopolitical organization or simply an exercise in futility. Yes, the BRICS+ countries have different financial compliance laws and regulations, and this difference may prevent the entity from coming together as an integrated, cohesive, monolithic whole in the short run. It should be remembered that O'Neil may be immersed in the shortsightedness of the Western G7 countries, where short-term success and profits are the only thing that counts. Eastern philosophy takes a singular perspective on the viability of efforts and organizations. From the Eastern viewpoint, activities that take decades or even a hundred years are not to be discounted just because results are not immediately visible. According to Lao Tzu, a journey of a thousand miles begins with a single step,[487] or as explained by Huang, "every great achievement begins with a single action."[488] BRICS+, founded on June 6, 2009, is only 16 years old.[489] In human reckoning, it is a teenager. Under the law, BRICS+ is not mature enough to be an adult, even though it is now a formidable economic and geopolitical force.

BRICS+ needs time to grow and mature. Not including Indonesia, which became a full member in early 2025, there are currently 11 BRICS+ partners.[490] Many of these nations and unnamed others will likely join BRICS+, rivaling and even outstripping the G7. Ultimately, BRICS+ will likely evolve into regional economic and geopolitical entities, essentially mini-BRICS+ organizations. It is only a matter of time with patience being the order of the day.

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484 Mihajlo D. Mesarovic, & Eduard C. Pestel, *supra*, note 461.
485 *Id.*
486 Jim O'Neil, The BRICS Still Don't Matter, *Project Syndicate* (Oct. 17, 2024), *available a*t https://www.project-syndicate.org/commentary/moscow-brics-summit-expanded-bloc-still-rudderless-and-ineffective-by-jim-o-neill-2024-10.
487 Lao Tzu, A Journey of a Thousand Miles Begins with a Single Step, *BBC Learning English* (n.d.), *available at* https://web.archive.org/web/20061027065217/http://www.bbc.co.uk:80/worldservice/learningenglish/movingwords/shortlist/laotzu.shtml.
488 Angel Huang, 10 Life-Changing Chinese Proverbs You Need to Know, *Mandarin HQ* (2025), *available at* https://mandarinhq.com/2023/10/chinese-proverbs-5/#:~:text=The%20proverb%20%22千里之行,begins%20with%20a%20single%20step.%22.
489 BRICS Staff, *supra*, note 123.
490 Xuejing Ma, *supra*, note 177.

RECOMMENDATIONS

The recommendations are clear. The growth and development of BRICS+ in the coming years should be watched, studied, and thoroughly examined. The entity will expand and flex its economic and geopolitical muscles as time passes. Unaffiliated nations will decide whether to join BRICS+, align themselves with the G7, or remain neutral. The G7 is, for all intents and purposes, an elite closed club where American exceptionalism dominates the day.[491] It should be remembered that the G7 was once the G8 until 2014 when Russia was expelled for annexing Crimea.[492] It likely does not make sense to cozy up to the G7, as if this Western organization will protect and defend a newcomer if becoming a full member of the G7 is possible. It may be in the best interest of an unaffiliated Southern or Eastern nation to seriously consider joining BRICS+. At least for BRICS+, membership in the organization is open and sought after. It may just be the right thing to do.

FUTURE RESEARCH AREAS

This paper examined financial compliance in the current BRICS+ countries. It did not look at financial compliance among the eleven BRICS+ partners. It would probably be fruitful to perform the same level of investigation for the BRICS+ partners conducted herein. With this additional information, a researcher may be able to project BRICS+'s future with some degree of accuracy. It is something to consider, and more importantly, it is undeniably something to do.

A second issue for future research is to estimate quantitatively when the BRICS+ organization will evolve into economic and geopolitical regional units. This research has merit because it could confirm or disconfirm the Mesarovic and Pestel research of fifty years ago. Such an effort could show that the Club of Rome results were less controversial than initially perceived.

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[491] *See generally*, Adam Volle, American Exceptionalism, *Encyclopedia Britannica* (n.d.), *available at* https://www.britannica.com/event/American-Civil-War/The-military-background-of-the-war.

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