

The Role of Financial and Business Intelligence in a Globalized World

Antonella Colonna Vilasi

Università Centro Studi UNI

Chairman of the University Research Center on Intelligence – UNI,
Rome, Italy

Abstract

After the end of the Cold War, Intelligence Agencies and security Services have significantly extended their skills in the financial, economic and technological sectors. The growing impact of organized crime, which has enormous financial resources, is also widespread. The "cleansing" of dirty money and the massive investments made in certain productive sectors have become a real threat, which affects every country. The increase of the financial and economic Intelligence is related primarily to the geo-economic competition between states, the globalization of markets and production, and the fact that the internationalization of property has been added to the traditional competition for the conquest of markets related to the ownership structure of the social groups and the location of the manufacturing companies. While in the past the objective of companies was the market, now also the portfolio is important. This causes a notable dynamism of the ownership structures and therefore a potential instability even in the division of labor. Hostile acquisitions, destabilizing financial maneuvers, industrial espionage of the technological assets of national companies are possible. In this sense, geo-economics has assumed a more important role than geostrategy in the new international geopolitics. States must therefore equip themselves for geo-economic competition as they were in the past focused on the geostrategic one.

Keywords: Intelligence, Security, Globalization, Financial Intelligence

1. Introduction

The financial and business Intelligence offer, today more than ever, new opportunities in the data transformation into active components of the decision-making process. The Intelligence Agencies focus on providing added value to the government decision-making process, strengthening the so-called national comparative advantage. At the center of the business Intelligence system are the nation's values. The greater the presence of a commonly shared national objective, the greater the willingness of the actors to "accept" the moral dilemmas that the collection of financial Intelligence poses, the greater the probability that the importance of the objective of greater competitiveness will (in terms of of employment, growth and standard of living)

overcome the difficulty in accepting the tools to carry out this same collection.

2. Research Questions and Research Methods

With reference to this research, the first question posed is: how can business Intelligence address the new challenges that we live every day, in computerized, multiethnic and multicultural societies, and above all in a globalized world?

Second question: what are the new capabilities and know-how that contemporary Intelligence needs in such a complex, turbulent and "chaotic" international system so as to require a new holistic and less systemic approach?

This study uses a three-step methodological approach: data collection, coding and analysis, using qualitative techniques.

The article offers a number of original contributions to the scientific literature.

First, it re-examines the sources and the theory-building and proposes alternatives to the referable scientific literature accepted and proposed by the majority of scholars.

It strengthens the holistic interrelations in terms of consistency between disciplines such as Intelligence studies, history, sociology, political geography, and political science.

Thirdly, the proposed mixed methods generate an agenda for possible future studies and researchs.

The documents used are referring to open source documents, archives, publications, and reliable secondary sources.

3. Literature Review

Academic studies, apart from the bibliography proposed in the article, refer mainly to Intelligence Agencies' manuals for internal use, in particular to CIA manuals.

Analyzing the importance of a semantic elaboration of financial Intelligence, a country can achieve improvements in its international competitiveness.

The awareness of having to collect data in a non-obvious way is an essential requirement in increasing the value of Intelligence in the national decision-making system. The latter, in fact, depends on the quality and originality of the informational reports produced, which must be based on an independent collection activity and on the analysis of the acquired evidence, going beyond contexts already known from open sources.

The contrast between the analytical component of the Intelligence Agencies and that of the economic departments of the government staff can be overcome if the added value provided by the Intelligence analysis is based only on what emerges from the non-obvious collection. According to my approach, Intelligence analysis can (and sometimes must) impose itself as an "intruder" in government policy, because the main

role of Intelligence is to provide uncomfortable but objective analysis and reality.

The neutral focus to the Intelligence policy must make the decision-making process difficult, obviously improving it. For this reason the information product should always be complete with a framework of analysis, present and future, without ever being limited to the classic data. An Intelligence analysis performed by a Senior Economist working in Secret Services, based on stolen or bought information related to the capacities and intentions of the competitors, guarantees a unique added value giving life to an information product well superior to an analysis drawn up by a commercial employee abroad, an official of a public banking or financial administration or a private sector official.

Many scholars have not yet accepted the process of globalization that even Intelligence is undergoing, both in the sense of enlarging its spectrum of interest to all possible topics (passing from the traditional military and political aspects only, to those of economy and finance, but also of medicine, physics, astronomy), and in the sense of the expansion of the geographical areas considered relevant in terms of national security implications.

The years to come will be marked by an unprecedented structural crisis of all economic systems, capitalist and otherwise. In the current global recession, which affects both industrialized and emerging countries, the economy and finance constrain the performance of every function of the state and the company (in particular, product marketing).

The stock of accumulated debt (sovereign and corporate), contracted in the past to finance necessary investments and / or superfluous consumption and the increasingly limited flow of income, today represent the most serious conditions for the exercise of optimized corporate governance and full state sovereignty.

For these reasons, the need of decision-makers, engaged in the government of public administration and businesses, of new information and knowledge is progressively greater.

One of the main distinctions to be addressed will be that between competitive corporate Intelligence and public Intelligence carried out by the Government's Information Agencies.

Similarly, in a strict governmental sphere, economic and financial Intelligence (as anticipation and prediction of the problem) will be discerned from economic and financial security (a typical function of police, in the conservation and protection of a pre-existing economic, industrial, scientific and technological heritage).

Intelligence and law enforcement are, in fact, two interconnected but totally different fields. At the heart of the financial Intelligence system is the culture of a nation.

The greater the presence of a commonly shared national objective, the greater the

willingness of the actors to accept the moral dilemmas that the collection of financial Intelligence poses, the greater the probability that the importance of the objective of greater competitiveness will (in terms of employment, growth and standard of living) overcome the difficulty in accepting the tools to carry out this collection. Only in the presence of a perceptive revolution on the importance of a semantic elaboration of financial Intelligence, a country can achieve improvements in its international competitiveness.

The neutral approach of some Intelligence Agencies is a source of conflict between the economic staff of each government (who have the task of formulating the policy, and the political address) and Intelligence Agencies (which have the duty to communicate information often inconvenient, thus complicating the process of political decision-making).

For this reason, the former prefers to receive raw data collected in a fiduciary manner without being accompanied by analysis, so as to have the freedom to decide whether to use it or not.

Other country's spying is as a sufficient reason for Intelligence Agencies to justify their involvement, allowing them to direct activities in terms of nations, or foreign entities related to the government.

The role for Intelligence Agencies in the protection and pursuit of financial and commercial interests has five essential functions:

- a. counterintelligence support, providing reports on the activities of foreign Services engaged in clandestine activities directed against national financial and commercial interests;
- b. financial Intelligence support, through which Intelligence provides sensitive data, contextualised in scenario analysis, otherwise not obtainable;
- c. informative support on unfair commercial practices, result of monitoring of behaviors of foreign states towards international agreements that have an impact on national financial interests, providing data on possible hostile activities carried out through economic espionage;
- d. activities of influence on events, behaviors or formulations of policies by foreign governments. These non-obvious activities include disinformation campaigns aimed at markets of third countries or against decisions by companies or governments;
- e. information support for private actors engaged in the development of sensitive technologies. In the presence of aggressive financial espionage activities, using Intelligence Agencies to obtain confidential information from competitors,

moreover,¹ there is a reason to support the use of defensive counter-espionage, which allows to protect intellectual property rights in a safer, increasing incentives for innovation.

Information is not a public good in a strict sense, since it has a non-competing nature, but is not completely non-exclusive (because some types of information can be protected and made available only to some users).

4. Conclusions

The distinction between Intelligence Agencies and other information providers concerns the confidentiality and secrecy associated with the activities of Intelligence Agencies that cannot be defined as a public good. Rather, it is the activity of protection by the Intelligence Agencies of national economic security to represent a full public good, non-competitive and non-exclusive.

For this reason, the financial counterintelligence can be considered a service similar to that of police, as the secret acquisition of economic information is an essential component of important activities similar to those of the police.

The value of Intelligence depends on the originality offered in the contribution to the national decision-making system based on an independent collection activity and on the analysis of the acquired evidence, going beyond contexts already known from open sources. Only in this way the Intelligence Agencies can carve a unique role, providing the political decision-maker with a good level financial Intelligence, not available from any source.

References

- Jean, C., Savona, P. (2011). *Intelligence economica. Il ciclo dell'Informazione nell'era globale*. Rubettino. Soveria Manelli. 2011.
- Kissinger, H. (1994). *Diplomacy*. Simon&Shuster. New York.
- Lucas, R.E. (1988). *On the Mechanics of Economic Development* in «Journal of Monetary Economics», vol. 22, pp. 3-42.
- Minuto Rizzo, A. (2014). *Consiglio Nato-Russia. Il tempo cura molti malanni*. ISPI. Milano.
- Mises, L. (1949). *Human Action*. Yale University Press. New Haven.
- Porter, M. E. (1990). *The Competitive Advantage of Nations*. Free Press. New York.

¹ Jean, C., Savona, P. (2011). *Intelligence economica. Il ciclo dell'Informazione nell'era globale*. Rubettino. Soveria Manelli.