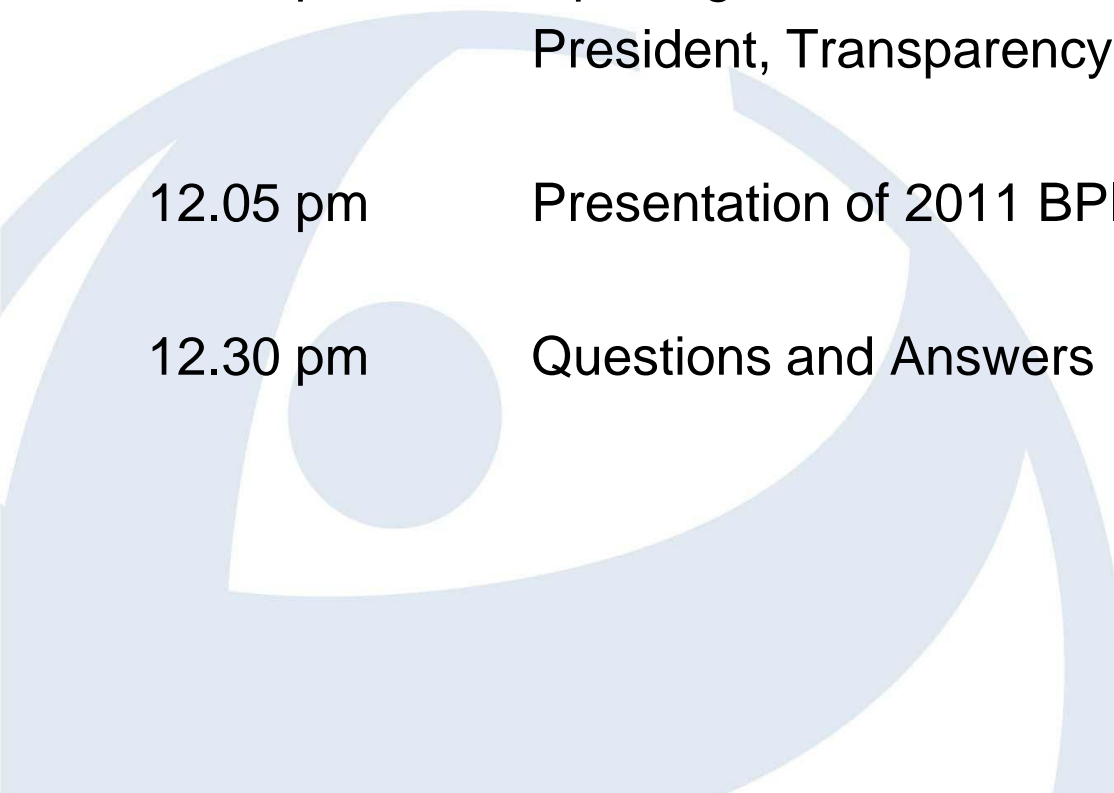


# **BRIBE PAYERS INDEX (BPI) 2011 RESULTS**

2 November 2011

Royal Selangor Club  
Bukit Kiara, Kuala Lumpur

## Agenda

- 
- 12.00 pm      Opening remarks - Datuk Paul Low,  
President, Transparency International – Malaysia
  - 12.05 pm      Presentation of 2011 BPI Results
  - 12.30 pm      Questions and Answers

# WHAT IS THE BRIBE PAYERS INDEX (BPI)?

- Examines the supply side of Bribery
- Ranks 28 of the world's largest economies according to the perceived likelihood of companies from these countries to bribe abroad
- Based on the views of business executives as captured by Transparency International's 2011 Bribe Payers Survey
- Countries and territories ranked in the BPI 2011 cover all parts of the world and represent almost 80% of the total world outflow of goods, services and investment



# ABOUT THE 2011 BPI

- Fifth edition of the index – previous editions in 1999, 2002, 2006, 2008
- Surveyed > 3,000 senior business executives in 30 countries
- Asked their perceptions of the likelihood of companies, from countries they have business dealings with, to engage in bribery when doing business in their country
- Period: Between 5 May and 8 July 2011
- Methodology: Mix of Telephone, face to face and online
- Conducted by: Ipsos Mori on behalf of Transparency International



**Transparency International Malaysia**

# MEASUREMENT

BPI scores are anchored by the 0 – 10 parameters of the scale

- **0** – corresponds with the perceptions of business people around the world that companies from that country ***always*** pay bribes when doing business abroad
- **10** – corresponds with the perception that companies from that country ***never*** engage in bribery when doing business abroad



# MAIN FINDINGS

- **Clear evidence of bribery between private companies**
  - Bribery between companies across different sectors is seen as just as common as bribery from firms to public officials
- **No improvement over-time**
  - Perceptions of the frequency of foreign bribery by country and business sector have on average seen no improvement since the last BPI published in 2008
- **Business integrity matters**
  - The perceived likelihood of companies from a given country to bribe abroad is closely related to views on the level of business integrity in that country
- **Home country governance matters**
  - The perceived likelihood of companies from a given country to bribe abroad is strongly related to perceptions of corruption of the public sector of that country
- **China and Russia: weak performance, high impact**
  - Chinese and Russian companies were viewed as the most likely to pay bribes
- **Bribery prevalent across business sectors**
  - Bribery is perceived to occur in all business sectors and is seen as most common in the Public Works, Contracts and Construction Sector



# 2011 BPI RESULTS

Rank	Country/Territory	BPI 2011 Score	Number of observations	Standard Deviation	90% Confidence interval	
					Lower bound	Upper bound
1	Netherlands	8.8	273	2.0	8.6	9.0
1	Switzerland	8.8	244	2.2	8.5	9.0
3	Belgium	8.7	221	2.0	8.5	9.0
4	Germany	8.6	576	2.2	8.5	8.8
4	Japan	8.6	319	2.4	8.4	8.9
6	Australia	8.5	168	2.2	8.2	8.8
6	Canada	8.5	209	2.3	8.2	8.8
8	Singapore	8.3	256	2.3	8.1	8.6
8	UK	8.3	414	2.5	8.1	8.5
10	USA	8.1	651	2.7	7.9	8.3
11	France	8.0	435	2.6	7.8	8.2
11	Spain	8.0	326	2.6	7.7	8.2
13	South Korea	7.9	152	2.8	7.5	8.2
14	Brazil	7.7	163	3.0	7.3	8.1
15	Hong Kong	7.6	208	2.9	7.3	7.9
15	Italy	7.6	397	2.8	7.4	7.8
15	Malaysia	7.6	148	2.9	7.2	8.0
15	South Africa	7.6	191	2.8	7.2	7.9
19	Taiwan	7.5	193	3.0	7.2	7.9
19	India	7.5	168	3.0	7.1	7.9
19	Turkey	7.5	139	2.7	7.2	7.9
22	Saudi Arabia	7.4	138	3.0	7.0	7.8
23	Argentina	7.3	115	3.0	6.8	7.7
23	UAE	7.3	156	2.9	6.9	7.7
25	Indonesia	7.1	153	3.4	6.6	7.5
26	Mexico	7.0	121	3.2	6.6	7.5
27	China	6.5	608	3.5	6.3	6.7
28	Russia	6.1	172	3.6	5.7	6.6
	<b>Average</b>	<b>7.8</b>				



# REGIONAL SCORES OVER TIME

Country / Edition	1999	2002	2006	2008	2011
Singapore	5.7	6.3	6.8	8.1	8.3
South Korea	3.4	3.9	5.8	7.5	7.9
Hong Kong		4.3	6.0	7.6	7.6
Malaysia	3.9	4.3	5.6		7.6
Taiwan	3.5	3.8	5.4	7.5	7.5
Indonesia					7.1





# RANKING BY INDUSTRY

Rank	Sector	Sector Score	Number of observations	Standard Deviation	90% Confidence interval	
					Lower bound	Upper bound
1	Agriculture	7.1	270	2.6	6.8	7.4
1	Light Manufacturing	7.1	652	2.4	7.0	7.3
3	Civilian Aerospace	7.0	89	2.7	6.6	7.5
3	Information Technology	7.0	677	2.5	6.8	7.1
5	Banking and Finance	6.9	1409	2.7	6.8	7.0
5	Forestry	6.9	91	2.4	6.5	7.3
7	Consumer Services	6.8	860	2.5	6.7	6.9
8	Telecommunications	6.7	529	2.6	6.5	6.9
8	Transportation and Storage	6.7	717	2.6	6.5	6.9
10	Arms, Defence and Military	6.6	102	2.9	6.1	7.1
10	Fisheries	6.6	82	3.0	6.0	7.1
12	Heavy Manufacturing	6.5	647	2.6	6.4	6.7
13	Pharmaceutical and Healthcare	6.4	391	2.7	6.2	6.6
13	Power Generation and Transmission	6.4	303	2.8	6.1	6.6
15	Mining	6.3	154	2.7	5.9	6.6
16	Oil and Gas	6.2	328	2.8	6.0	6.5
17	Real Estate, Property, Bus & Legal Services	6.1	674	2.8	5.9	6.3
17	Utilities	6.1	400	2.9	5.9	6.3
19	Public Works Contracts and Construction	5.3	576	2.7	5.1	5.5
	Average	6.6				



# DIFFERENCE BETWEEN CPI AND BPI

## ***Corruption Perceptions Index (CPI)***

- ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians
- draws on external data sources, which include other business surveys, commercial risk assessments and other country experts both within and outside the country

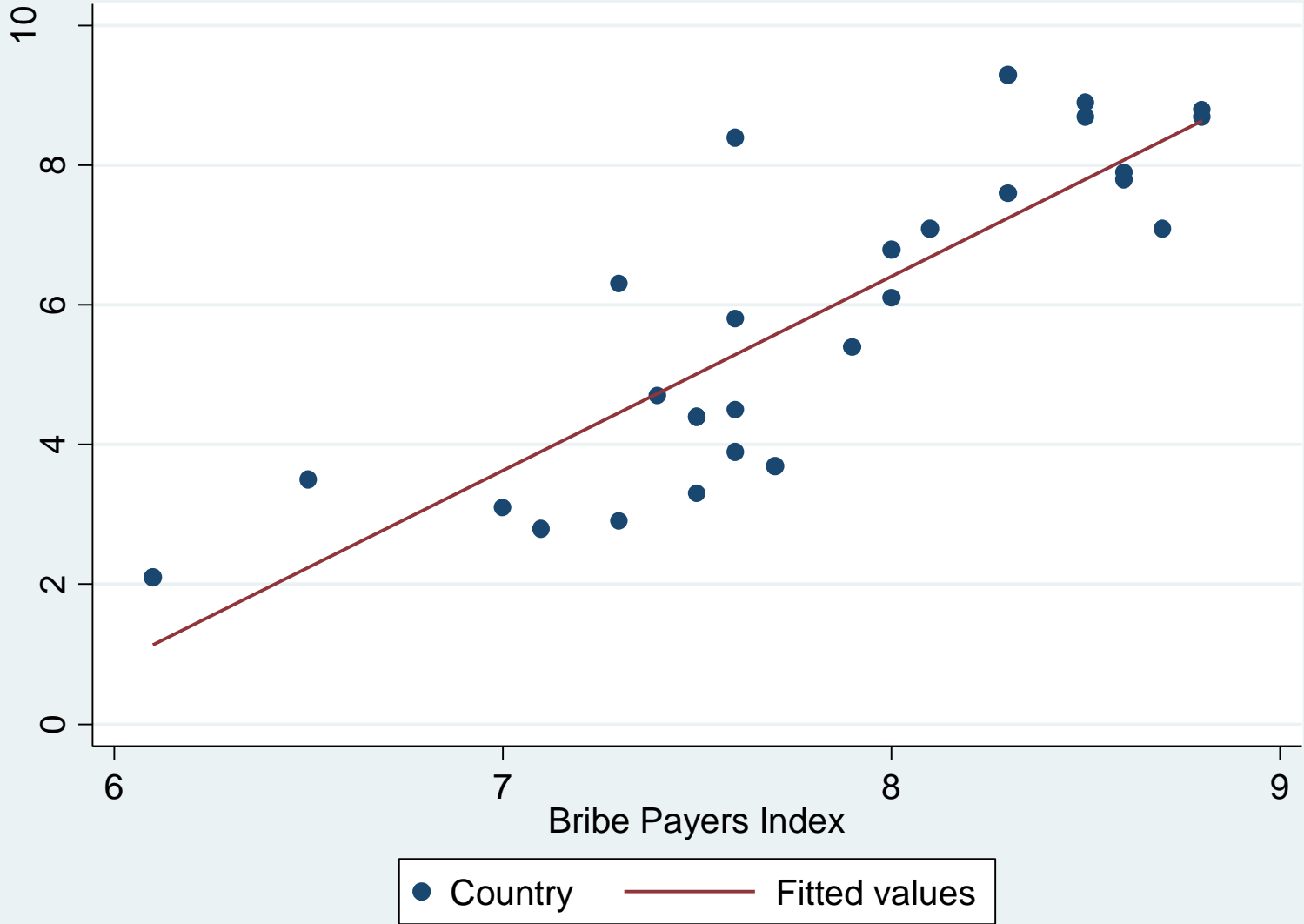
## ***BPI***

- ranks countries in terms of the likelihood of companies headquartered in that country to bribe abroad
- draws on Transparency International's bespoke Bribe Payers Survey of business executives

However both scores do correlate strongly with each other demonstrating the relationship between different forms of corruption on a country by country basis



# HOME COUNTRY GOVERNANCE MATTERS



# GOVERNMENT INITIATIVES

1. Pledge by 6 national business groupings and chambers of commerce to fight against corruption and conduct ethical business practices
2. Launch of Corporate Integrity Pledge (CIP)
  - Involves private business, enforcement and statutory bodies
  - To date 45 companies have signed the pledge ([www.cism.my](http://www.cism.my))



# CONCERNS

- Current legislation prosecutes individual and not company
- Foreign anti bribery legislation places Malaysian companies at a high risk of being caught and charged for corruption
- Lack of enforcement of legislation in prosecuting overseas offenders
- Reputational risk from cross border corruption will affect Malaysia's image and competitive ranking



# RECOMMENDATIONS

1. Continue to diligently implement the United Nations Convention Against Corruption (UNCAC) including the criminalization of bribery
2. Strengthen the regulatory framework on the private sector to meet international accepted practice of good governance
3. Amend current legislation to allow prosecution of a company when its employee is prosecuted for corrupt practices
4. Enforce strong deterrent fines

**CORRUPTION ACROSS BORDERS IS EQUALLY DAMAGING**



**Transparency International Malaysia**

# UNCAC AND OECD

Country	Bribe Payers Index 2011 score	Enforcement of the OECD Convention (Transparency International Progress Report, 2011) §	UN Convention against Corruption (Date of Ratification)
Netherlands	8.8	Moderate	2006*
Switzerland	8.8	Active	2009
Belgium	8.7	Moderate	2008
Japan	8.6	Moderate	Not ratified
Germany	8.6	Active	Not ratified
Australia	8.5	Little/None	2005
Canada	8.5	Little/None	2007
UK	8.3	Active	2006
Singapore	8.3	N/A	2009
USA	8.1	Active	2006
France	8.0	Moderate	2005
Spain	8.0	Moderate	2006
South Korea	7.9	Moderate	2008
Brazil	7.7	Little/None	2005
South Africa	7.6	Little/None	2004
Italy	7.6	Active	2009
Hong Kong	7.6	N/A	N/A
Malaysia	7.6	N/A	2008
India	7.5	N/A	2011
Turkey	7.5	Little/None	2006
Taiwan	7.5	N/A	N/A
Saudi Arabia	7.4	N/A	Not ratified
UAE	7.3	N/A	2006
Argentina	7.3	Moderate	2006
Indonesia	7.1	N/A	2006
Mexico	7.0	Little/None	2004
China	6.5	N/A	2006
Russia	6.1	N/A	2006

**Thank you for your attention**

***Questions***





## *Upcoming Events*

- Joint FMM & TI-M Conference** ***10 Nov.***  
**– Making Business Sense From Integrity**
  
- Conference on Building Integrity and Reducing  
Corruption Risks in Defence and Security** ***19 Nov.***
  
- Release of 2011 CPI Results** ***1 Dec.***
  
- Release of 2011 GCB Results (Malaysia only)** ***TBA***