# Cui Bono? Tackling Russian Illicit Finance

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**The crackdown on Russian dirty money is right but its strategic effects on Russia itself are the unexamined half of the story.**

The concept of *cui bono* – who benefits? – was first popularised by the Roman statesman Cicero and has been frequently applied in legal cases ever since. Russians have their own version which is more deeply embedded in their political culture: *komu vygodno?* It carries the same literal meaning but a darker register, shaped by a view that treats the world as zero-sum and assumes visible events are the surface of hidden arrangements. It is the default mode of Russian strategic analysis – and one the West has rarely turned on the offshore Russian wealth that has been estimated to be up to $1 trillion.

If we needed any reminder, the last Strategic Defence Review identified Russia as an 'immediate and pressing threat' to UK security. The rise of this aggressive and expansionist Russia was enabled in part by a Western financial system that had spent most of the last thirty years accepting the proceeds of Russian kleptocracy. This undermined our deterrence credibility in the eyes of this authoritarian kleptocracy which saw the chasm between our hardline rhetoric and soft touch reality. The crackdown on Russian dirty money following its full-scale invasion of Ukraine was long overdue, and in many respects could have gone further than it has. That said, with energy rightly spent on implementing this domestic crackdown, there has arguably been a failure to assess what impact the outflows have had on Russia itself and the degree to which that is beneficial for us.

## The Standard Story, and What it Leaves Out

The damage 'Londongrad' did to UK's reputation, institutions and credibility has been well documented, and attempting to close the doors of Londongrad after 30 years of bad policy was the emphatically right response. However, our analysis often overlooks a key element: the impact on Russia itself. This tendency sits against first principles of the international anti-corruption system which recognises that corruption is first and foremost corrosive to the country being robbed. The long-standing UN framing is that corruption undermines democratic institutions, slows economic development and contributes to governmental instability – it hollows the state out from within before the money ever reaches a foreign jurisdiction. If we take that seriously, Russian corruption and capital flight have been acts of self-harm committed against the Russian state. Kleptocracy is a war the Kremlin wages on its own capacities before it wages any war on ours.

"Making it harder for Russian money to reach the West may, depending on one's perspective, be a strategic win against a 'grey zone' vector, or doing a favour to the Kremlin

The unintended consequences of the anti-money laundering system have been assessed, among others, by its chief architect, the Financial Action Task Force, who examined its unplanned impact on de-risking, financial exclusion and undue targeting of charities. The common thread is that well-intentioned controls, poorly calibrated, can produce outcomes that cut against the regime's own purposes. The Russia case suggests the potential for another unique, unintended consequence. Making it harder for Russian money to reach the West may, depending on one's perspective, be a strategic win against a 'grey zone' vector, or doing a favour to the Kremlin. It is a question outside of both traditional anti-money laundering, and defence assessments.

## Komu Vygodno? The Case for the West

Applied to Russian illicit finance, the question yields a coherent, if uncomfortable, argument that Western interests are partly served by keeping Russian capital mobile rather than bottling it up at home.

An unsophisticated zero-sum summary would be Russia is Europe's security threat, corruption and capital outflows are bad for Russia, so this is good for us. This was arguably best exemplified by the military failures of Russian forces at the outset of its full-scale invasion of Ukraine in 2022 which were in part an excellent dividend for Ukraine of decades of Russian corruption corroding its own capabilities.

We can look at the Kremlin's own behaviour for an insight in its position. De-offshorisation has been stated Russian state policy as far back as 2012, when Putin launched the first of several unsuccessful drives to repatriate elite wealth. Three unsuccessful rounds of capital amnesty followed between 2015 and 2020. The full-scale invasion then opened new onshoring channels: asset seizures of foreign companies, the return of sanctioned elites, and legislation enabling de facto onshoring of Russian businesses held through foreign holding structures. In February 2023, Putin publicly told sanctioned Russian elites that the West's image as 'a safe haven for capital was a mirage,' and that they should bring their capital home – linking this directly to a new instruction on 'speeding up the de-offshorisation of the economy.'

The argument runs that private wealth held in offshore financial centres is wealth the Kremlin cannot fully reach, while pulling it home converts this mobile capital into hostage capital, and only exacerbates the entirely supplicant relationship Russia's business elites have with the Kremlin. An example of this hostage capital at play can be seen in Putin's recent 'request' to business elites that they 'voluntarily' contribute to Russia's wartime economy deficit. Western pressure that pushes money home may therefore strengthen this coercive dynamic and help the Kremlin achieve something it has spent fifteen years trying and largely failing to achieve.

In the 1980s, the Reagan administration pursed policies that constrained Soviet hard-currency reserves and exacerbated its structural economic weaknesses. Now there is a risk of inadvertently helping Russia to alleviate its modern-day economic weaknesses.

## Komu Vygodno? The Case for Russia

The opposite case is at least as strong and is where most existing Western analysis rightly sits.

Russian illicit wealth in Western jurisdictions does not sit passively. At its sharpest end, this becomes industrial-scale money and reputation laundering which buys political influence on behalf of the Russian state itself – a form of corruption contagion that spreads Russian practices into the jurisdictions absorbing the money. RUSI's own work on such 'active financial measures' has accurately detailed many examples of the concrete harms.

The 2021 Integrated Review took the logical step of formally designating illicit finance a threat to national security rather than a purely criminal matter which has been reinforced by successive government strategies, most recently the 2025 Anti-Corruption Strategy. Again, this is not a theoretical case but supported by a growing evidence base: the NCA's Operation Destabilise, which exposed Russian-speaking money laundering networks in the UK that went on to fund Russian espionage in Europe; the conviction of former Reform Wales leader Nathan Gill for accepting bribes

to push pro-Kremlin messaging in the European Parliament; and the estimated €300 million Moscow poured into Moldova's 2025 elections.

Beyond these direct harms to ourselves and our allies, the decades of ‘Londongrad’ produced a ‘cake and eat it’ scenario where Kremlin-linked elites could prop up the regime at home while enjoying the protections of Western rule of law. The resulting moral hazard reduced incentives to demand the domestic reforms that might, eventually, constrain the Kremlin themselves, and undermined the credibility of the UK itself in its wider Russia policy.

## Where this Leaves Us

Napoleon, for those inclined to take strategic advice from him, observed that ‘when the enemy is making a false movement, we must take good care not to interrupt him.’ It is clear that corruption and capital flight are strategic weaknesses inside a Russian regime that considers itself at war with the West but to ultimately answer *komu vygodno* will depend in part on one’s own objectives.

A Treasury official focused on City integrity, a Ministry of Defence planner focused on Russian attrition, and an opposition Russian civil society figure may each give different, defensible answers to this question. I do not think these answers cancel each other out. The argument of this piece is emphatically not that we should go easier on Russian money. The safeguards we have and need to build around our institutions are needed on their own terms, and a return to Londongrad would be a strategic disaster. This does not cancel out the need to think creatively and innovatively about our tactics against a country we should seek to weaken as it seeks to weaken us.

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