THE ‘MASK’ OF BANKS

A MULTIPLE CASE STUDY ON IMPRESSION MANAGEMENT STRATEGIES IN DISCLOSURES FOR MONEY LAUNDERING SCANDALS

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Abstract:

This thesis examines how banks involved in the money laundering scandal have applied various impression management strategies in their accounting narratives as reactions to the public. We conducted a discourse analysis of four case banks’ related disclosures from when they were exposed to the scandal until now. Inspired by Goffman (1959)’s framework and other literature regarding impression management strategies (e.g., Cooper and Slack, 2015; Dunne et al., 2021), we apply our typology of impression management strategies in the banking setting under the context of money laundering scandals. The empiric findings suggest that banks tend to use more assertive than defensive impression management strategies to deliver four impressions: (1) We never consciously laundered money; (2) We are making profits; (3) We are improving our work; (4) We are here for good. We further compare the outcomes from each case and provide potential explanations inspired by Goffman (1959)’s framework. This article aims to contribute to the current impression management research by highlighting the money laundering-related issue and contribute to the money laundering research by analyzing how banks report to the scandal using impression management strategies.

Keywords:

impression management, money laundering, banking industry, accounting narrative, the role of accounting

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1. Introduction

> It is probably no mere historical accident that the word person, in its first meaning, is a mask. It is rather a recognition of the fact that everyone is always and everywhere, more or less consciously, playing a role… (Park, 1950, p.249)

Prior studies have shown individuals' self-presentation, their projected 'mask,' before others during daily life. As they point out, individuals attempt to form or alter the perceptions of others by managing their behaviors, gestures, words, and other aspects. They mask themselves. Instead, a truer self, the person they would like to be comes out. The 'mask' also applies to organizations, particularly corporates. The 'mask' of organizations represents the role they are making every effort to live up to. As a collection of individuals, corporates have more apparent motives to emphasize their 'mask,' especially when they encounter controversial issues or are involved in scandals. When adverse events occur, corporates try to repair their damage and rationalize their misconduct using impression management (e.g., Hooghiestra, 2000; Perkiss et al., 2021; Boiral et al., 2022; Dunne et al., 2021). Accounting narratives in the corporate reports are commonly used by corporates to manage their impression and communicate with their stakeholders (e.g., Aerts, 2005; Merkl-Davies & Brennan, 2013; Cooper & Slack, 2015).

To our knowledge, no articles have not dealt with the money laundering topic from the impression management perspective in the accounting field. However, prior literature approaches the money laundering topic from another perspective. Most prior articles have discussed the role of accounting in participating in money laundering activities (e.g., Mitchell and Sikka, 2002; Sikka, 2018) and in detecting and reporting suspicious transactions (e.g., Norton, 2018).

Money laundering, among controversial issues, attracts our interest. It is primarily because money laundering is a serious financial crime that legitimizes illegal incomes, significantly impacting society. The illegal incomes come from illegal and dangerous activities, including but not limited to drug trafficking, terrorism funding, and migrant smuggling, causing enormous social and economic costs to the whole society (Chatain et al., 2009, p.11). The money laundering practices rely on the financial infrastructure to mobilize and legitimize their funds (Chatain et al., 2009, p.11). As the critical component of the financial infrastructure, banks inevitably become the first line to combat money laundering practices. On top of that, some banks seem to be unavoidably involved in money laundering activities. In particular, offshore-active banks performed more like global wire transfer providers than financial intermediation (Chernykh & Mityakov, 2017).

Our motivation to study banks' presentation stems from no articles analyzing banks' reactions or reports to the money laundering scandal. Banks usually portray themselves as a professional who is expert in risk management and financial management. After the money laundering scandal, the public could perceive banks as untrustworthy, spill over the distrust into a broader discourse on the whole organization or industry, and even question their intentions. Under tremendous pressure, banks need to take immediate actions to engage in the "focused interactions" (Goffman, 1961; Goffman, 1983), meaning that impression management is deployed in the corporate narratives to defend against the skepticism and project a positive image.

Given the role of banks, particularly those with highly globalized business, in the whole financial system and society, it is crucial for stakeholders to understand banks' reactions and explanations for the failure of incompliance and lessons learned from the failure. It is also interesting to learn from their impression management methods and observe how they select and use different strategies. Our study provides insights into how they think about the money laundering issues, how they regard the regulators and the public, and how they justify their behaviors. Additionally, this offers regulators the chance to uncover the 'mask' of banks and prevent the potential problems in banks' anti-money laundering practices. Therefore, there is great significance in studying our research question:

How do banks manage their impression in their accounting narratives after the money-laundering scandal?

To address this question, we perform a qualitative, multiple case study and conduct the discourse analysis to study the language materials of four banks (i.e., Danske Bank, Swedbank, Standard Chartered Bank, and HSBC) with a solid regional or even global presence and influence. We selected informational texts in the annual reports, press releases, sustainability reports, and transcripts for the conference call after the money-laundering scandal was exposed. Using evidence from banks' reactions to their scandals, we examine how banks respond to the money laundering scandal and try to repair their reputation or enhance their image using impression management strategies.

We use Goffman's framework and summarize the typology of impression management strategies that prior articles have proposed (e.g., Mohamed et al., 1999; Hooghiemstra, 2000; Cooper & Slack, 2015; Dunne et al., 2021). Our findings show that our four case banks try to convey these four impressions: (1) We never consciously laundered money; (2) We are making profits; (3) We are improving our work; (4) We are here for good. Our four case banks have applied more assertive impression management strategies that are comparatively homogeneous than defensive strategies that are heterogeneous. Based on the empirical findings, we believe that our case banks do not regard the narratives in the corporate reports as the vehicle to recognize their past mistakes but to project an image of integrity. We suggest that banks use different strategies to support their 'mask.' We also provide potential explanations inspired by Goffman's framework.

Our study is supposed to contribute to the money laundering domain by analyzing banks' 'masks' after the money laundering scandals. Our first contribution is realized by examining their performance via our typology of impression management strategies. Our second contribution is to add to the analysis of one specific controversial issue, money laundering, as the focus of impression management study in the accounting field. Additionally, we contribute to prior research regarding Goffman's work and impression management strategies extracted from previous research in the bank setting under the context of money laundering scandals. Furthermore, it is interesting to notice the emotional languages expressed by banks, and thus we call for future studies that integrate impression management with emotions in accounting narratives.

This paper consists of six chapters. Chapter 2 begins with the review of money laundering research in the accounting domain, then introduces the impression management studies within the accounting domain, and narrows down to the application of impression management to the money laundering scandals. The method theory is presented to bring this chapter to a close. Chapter 3 demonstrates our research methodology and explains how we complete our research. Chapter 4 analyzes the materials we have prepared and summarizes the findings. Chapter 5 includes the discussions about our results, the potential explanations for the difference between our study and others' outcomes, and our contributions to the accounting domain. In chapter 6, which is our last chapter, we summarize our research outcomes, present the limitations of our study. We also suggest future research in the last chapter.

2. Literature Review

This chapter reviews prior literature in two areas, money laundering and impression management, and provides a detailed introduction to our method theory. The money laundering section introduces the definition and impact of economic fraud, especially money laundering. Secondly, we discussed the accounting research on money laundering in detail. Thirdly, we focus on issues related to banks, followed by a summary of empirical gaps in accounting academia regarding money laundering. In the impression management section, we first overview previous studies. Secondly, we discuss the studies that focus on financial performance. Thirdly, we give a detailed discussion about studies that emphasize how corporates report non-financial performance and summarize the identified gap. In the last section, we introduce our method theory.

2.1. Money laundering as an accounting problem

2.1.1. Research on economic crime and fraud

Economic crime is a broad term that includes all kinds of illegal financial activities, for instance, corruption, accounting fraud, money laundering, cybercrime, etc. Although the exact scale of economic crime is difficult to estimate (Bennett & Shalchi, 2022), according to PWC's Global Economic Crime and Fraud Survey, the percentage of organizations that experienced economic crime in the last 24 months increased from 34 percent in 2011 to 47 percent in 2020. Apart from that, with the emergency of the new transfer system and other techniques, surveys also show an increasing favor for more "creative" types of fraud.

A tremendous amount of literature on economic fraud focuses mainly on its negative impact. Jones (2010) suggests several essential actors involved in frauds, namely managers, merchant bankers, regulators, legal authorities, auditors, and other users of company reports. Prior research shows that economic crime simultaneously impacts all aspects of society-citizens, government, and business in more diverse ways than ever before (Deloitte, 2021; Levi, 2008). For companies, losses of fraud are complex. Except for direct financial loss or costs due to penalties or remediation, some costs are not easily quantified, including brand damage, loss of market position, employee morale, and lost future opportunities (PWC, 2022). Prosecutors and legal authorities also take an interest since sometimes they are responsible for covering fraud losses (Levi, 2008). For financial institutions such as accountancy firms, a case study in Japan showed that alleged fraud seriously damages the reputation and the financial result (Skinner et al., 2012).

2.1.2. Definition and impact of money laundering

As one of the top five costliest frauds (PWC, 2020), money laundering has increased attention. Criminals need to ‘clean’ these funds after getting profits from crimes such as drug trafficking. Money laundering is the process of disguising the origin and the destination of these illicit funds and making them appear legal (Financial Action Task Force ((“FATA”), 2022). According to the estimates by United Nations Office on Drugs and Crime (“UNODC”), the amount of money laundered globally in one year is two to five percent of global GDP, around 800 billion to 2 trillion in US dollars. Such a significant number of illegal funds and transactions can cause a significant impact on organizations and the whole society. FATA (2022) suggested that money laundering involves complex transactions both domestically and globally, damaging the integrity of domestic economies, the entire society, and the global system. In addition to the negative financial impact, the National Crime Agency claimed, “Money laundering threatens national security and prosperity.” Since money laundering is inextricably linked to organized crimes, successful laundering enables criminals to continue illegal operations and conceal related profits, undermining democracy and the rule of the law (Aluko et al., 2012; Schawarz, 2011; Barone et al., 2018).

With the recent arrival of offshore centers, virtual currencies, the darknet, and the global market, fraud mechanisms have become much more complicated (Mitchell, 1998; Sikka, 2003). Although modern money laundering methods vary greatly, most involve three essential steps (Buchanan, 2004):

- Placement: Introduce illegally obtained money into the financial system. To do this, criminals often put illicit funds into new bank accounts; these accounts typically register with anonymous organizations or professional intermediaries.
- Layering: Use several transactions to camouflage the funds from their origin further. This process involves transfers between different accounts or the investment in properties.
- Integration: Reinvest clean money into the legal market to generate profit. One form of integration is claiming payment by producing fake invoices.

These processes cannot be achieved without professionals’ active and tacit involvement (e.g., accountants and bankers) (Mitchell et al., 1998; FATF, 2022). With several parties involved in money laundering and anti-money laundering activities, the current accounting literature on money laundering has highlighted the role of accounting in both facilitating and preventing money laundering.

2.1.3. Accounting research on money laundering

As mentioned above, to ‘clean’ the money, criminals need to structure transactions in a way that attracts little attention. This step requires secrecy and knowledge of global financial systems. With the knowledge of accounting techniques and financial systems, accountants can be good assistants in concealing and obscure illegal activity (Mitchell, 1998; Sikka, 2003). For example, in step 2, ‘layering,’ accountants can help manipulate complicated transactions and thus make it challenging to identify and trace the illicit funds. Moreover, in step 3, ‘integration’, accountants can support the management of the vast capital accumulation (Compin, 2018).

Accounting knowledge can help realize criminal activities, but it also helps society detect illegal actions. As Mitchell et al. (1998, p.11) stress, “accountants and auditors are expected to be in the front-line of fighting against fraud”, accountants are also assumed to utilize their knowledge in understanding and detecting the mechanism of the fraud (Compin, 2018). While using the third-party auditing report is a meaningful way to improve trust in capital markets (Skinner et al., 2012), several studies suggest auditors should play a leading role in implementing new techniques and methods to predict, detect and report suspicious transactions.

The accounting literature on money laundering has also focused on the other two questions: (1) The incentives for accounting professionals to be involved in economic crime; (2) the Reasons behind the reluctance for professionals to deploy anti-money laundering regulations.

For the first question, Sikka (2008) highlights that although the mission of accountancy firms is to ensure accounts are accurate and fair, their success is measured by increasing profits. Noticing that intermediaries can collect around 20 percent of money being laundered as a fee (Mitchell & Sikka, 2002), Sikka (2008) further suggests that accountancy firms are motivated to provide help with questionable practices that increase their clients and their profits without protecting citizens’ benefit.

Regarding the second question, while accountancy professionals are obliged to report suspicious transactions in the Suspicious Activity Reports (“SARs”) system (Sikka & Willmott, 1995; Jones, 2010), statistical evidence shows a limited engagement of accountants and accountancy firms in that part (Norton, 2018). The reasons behind this have been discussed as follows. Firstly, regulators do not give sufficient guidance regarding how suspicions are determined. Without clear guidelines, professions might interpret and operate regulations differently. Secondly, data privacy and secrecy sometimes prevent professional service firms from reporting suspicious customers timely (Norton, 2018). Finally, poor regulations distance accountant professions from critical supervision, providing room for illegal activities (Mitchell et al., 1998; Compin, 2008).

2.1.4. The role of banks in money laundering activities

In past decades, several banks have been involved in money-laundering scandals, especially in offshore countries, and bankers are, in theory, arguably one of the big gainers from money laundering (Errico & Musalem, 1999; Jones, 2010). Like accountants, bankers also have a deep understanding of the financial market and global system. Banks are necessary to be involved in the money laundering process. However, compared to accountants and accountancy firms, relatively few studies focus on the banking industry as a profession.

Current studies on the role of banks mainly focus on how banks use advanced digital tools to detect suspicious transactions (Godefroy et al., 2011). According to the questionnaire survey distributed to bank compliance offices in Malaysia, Pok et al. (2014) summarizes the top five rationales for banks to deploy AML actions: improve the bottom-line figure, avoid penalties, improve brand image, improve customer perceptions, and get good customs.

The Nobel-Prizing-winning economist Joseph Stiglitz (2008) said that “financial markets hinge on trust, and that trust has eroded”. Numerous studies pointed out that trust is crucial in financial services since financial services are highly intangible and sometimes embedded with information asymmetry (Harrison, 2003; van Esterik-Plasmeijer et al., 2017; Hurley et al., 2014). In financial markets, it is important that customers are willing to rely on banks to fulfill obligations, so they do not need to worry about their savings in the bank or the quality of financial products (Ennew & Sekhon, 2007). Trust facilitates business. As Joseph Stiglitz (2008) said, without the trust, “markets breakdown and exchange grinds to a halt”. Prior research also shows that trust in banks decreased after the financial crisis (Järvinen, 2014). Since rebuilding trust is vital for banks after scandals, it is worthwhile to investigate how their response to the criticisms from stakeholders mitigate the negative impacts of scandals on financial performance and reputation and rebuild trust.

Considering all of this evidence, money laundering has not been extensively studied in accounting research, even though it causes a severe negative impact on society. Given all research on money laundering that has been mentioned, we define two gaps that accounting research has not explored so far. Firstly, current accounting research remains narrow in focus on dealing with the role of accountants such as accountancy firms, and few studies was found on banks. Secondly, current studies provide substantial evidence of organizations’ engagement in both preventing and participating in money laundering activities. Nevertheless, little research discussed how organizations report money laundering-related issues to rebuild trust. These two empirical gaps motivate us to focus on banks’ responses to money laundering scandals. When embroiling in controversies, banks communicate their reflections, measures, and plans in their annual reports, press releases, conference calls, etc. Accounting narratives are widely used to present users with a particular impression of banks. To study presentational aspect of accounting narratives, many accounting articles apply impression management theory, which will be discussed further in 2.2.

2.2. Impression management and corporate narratives

2.2.1. Overview of impression management studies in the accounting field

The impression management theory originates from social psychology, which concerns how individuals try to influence others' perceptions so that they can be perceived favorably by others in social interactions (Goffman, 1959). Accounting research studies how corporates employ impression management to communicate with their stakeholders and manage their self-presentation. In order to construct projected impressions, corporates convey financial and non-financial information through corporate communication media, such as annual reports, separate reports on specific issues, press releases, statements by top managers or spokespersons on social media, or even office design. The accounting narratives are constantly employed for financial communication, and most accounting narratives are not audited by external parties (Merkl-Davies & Brennan, 2013).

Considerable literature researches the application of impression management concepts by examining corporates' efforts to affect their audiences' perceptions regarding financial performance (e.g., Aerts, 1994; Aerts, 2001; Merkl-Davies & Brennan, 2007), non-financial performance, which relates to corporates' social and environmental issues (e.g., Hooghiemstra, 2000; Dunne, 2021; Boiral et al., 2021) and other aspects, such as customer relationship (e.g., Parker and Schmitz, 2021). If corporates use the accounting narratives for impression management, the quality of reporting might be undermined, and non-financial stakeholders could unwarrantedly support their activities (Merkl-Davies & Brennan, 2013). Hence, impression management-related research comprises a significant part of accounting studies. In 2.2.2., we will further discuss impression management articles in the corporate reporting context, emphasizing financial performance. We will introduce the articles which study impression management when corporates report their non-financial performance in 2.2.3. as reactions to controversial issues or in normal circumstances.

2.2.2. Impression management in reporting financial performance

A large number of impression management studies that focus on financial performance have been done to analyze the accounting narratives from the corporate reporting context. Aerts (1994) suggested that corporates' public reporting behavior can be a conscious action, and thus, systematical bias could exist in the accounting explanations.

Economic theories have been discussed and combined to explain corporates' motives to participate in managing their impressions, such as agency theory and signaling theory. In terms of these theories, investors are the audience of narrative disclosures. Studies that approach impression management theory and focus on the financial performance view impression management in narrative disclosures as an everyday occurrence with large sample sizes (Merkl-Davies & Brennan, 2007). From the economic utility perspective, impression management is assumed to result from managers' behavior to maximize their utility. Driven by self-interest, managers introduce biased reporting to corporates' publications to respond to negative outcomes (Merkl-Davies & Brennan, 2007). Smith & Taffler (2000) found that voluntary disclosures help assess firms' survival if the content is appropriately analyzed. Their findings reinforce that even the unaudited information in the voluntary disclosures is vital for investors to make decisions. By utilizing the attributions in the biased reporting to predicting future stock price, Lee et al. (2004) proposed that corporates generate favorable impressions of companies by attributing adverse outcomes to internal and controllable factors rather than blaming others.

The articles we mentioned before explained the narrative disclosures resulting from the opportunistic behavior of managers driven by self-interest. In comparison, some studies suggested that stakeholders who provide the evaluation of corporates' financial performance are likely to prompt the corporates' behaviors of managing the narratives. (e.g., Aerts, 2001). Clatworthy and Jones (2003) presented companies' preference for emphasizing positive outcomes. They pointed out that corporates with improving performance tend to attribute their outcomes to internal efforts. In contrast, corporates with bad performance prefer to blame the external factors and distract attention away from their responsibility. Yang and Liu (2017) found that companies minimize their earning disclosures of negative information but emphasize the positive information by using patterns and dissemination techniques on Twitter.

2.2.3. Impression management in reporting non-financial performance

In this part, we will discuss the impression management studies regarding non-financial performance, not only in regular voluntary sustainability reporting with non-controversial issues but also when corporates react to the controversial issues.

Some articles study impression management in accounting narratives from the regular reporting perspective. Corporates consider the roles of stakeholders and social responsibility when they disclose. Voluntary sustainability reporting is gradually valued when institutional and individual investors make investment decisions. Given that some narratives and ESG disclosures are unaudited, it is very likely to be subjective to impression management. By analyzing the environmental disclosures in US 10-K financial reports, Cho et al. (2010) found that corporates used self-servingly biased language and verbal tone to self-present favorably in front of stakeholders. Aerts and Cormier (2009) evaluated the effects of environmental disclosures in annual reports.

Their results suggested that corporates do not use annual report environmental disclosures to cope with the comparatively current and tentative legitimacy perceptions but for long-term or strategic motives (Aerts & Cormier, 2009). With the focus on private social and environmental reporting, Soloman et al. (2013) found that impression management and content fabrication seem to dominate in the reports. They also suggested that private social and environmental reporting failed to provide accountability, and investors seemed passive and uncritical.

Other studies have presented how corporates respond and communicate with key stakeholders in their corporate narratives when controversial issues occur, particularly negative scandals. Public pressure and increased media attention driven by adverse incidents require social and environmental disclosures from corporates (Hooghiemstra, 2000). Impression management is assumed to be used to manipulate the perceptions of key stakeholders who value those controversial issues.

Corporates have been found to employ impression management and implement different strategies to construct, enhance and repair their reputation and legitimacy. Based on the legitimacy theory, corporates are hypothesized to use biased reporting, especially in social and environmental disclosures, to change the organizations' legitimacy perception of audiences. Hooghiemstra (2000) showed that although Shell's early responses, highlighting their rationality and compliance to the regulations, did not successfully defend themselves from the public offense, their changed communication strategy emphasizing the ethical standards made a difference. The role of increased social disclosures is regarded as a strategy to construct legitimacy (Hooghiemstra, 2000). The study of KazMunayGas International's reactions to occupational health and safety accidents by Săndulescu (2021) revealed that the corporate changed the use of corporate narratives.

In contrast to previous statements in which the corporate claimed to have complied with the regulations, the new reports highlighted what actions they took following the accident. This finding is consistent with the findings from Hooghiemstra (2000). In the case of other controversial issues such as privatization, Ogden and Clarke (2004) showed the failure of ten water authorities in the UK to persuade their customers to have confidence in their service after their privatization. These water companies are willing to show that they are customer-focused companies by apologizing and admitting their shortcomings (Ogden & Clarke, 2004). By analyzing sustainability reports on the Diesegate scandal, Boiral et al. (2022) found that car manufacturers employed heterogenous defensive techniques and emphasized the role of defensive impression management practices in rationalizing manufacturers' misconduct. With the emphasis on the child labor issue in the chocolate industry, Perkiss et al. (2021) analyzed Nestlé's corporate disclosures and responses in the media. Nestlé obfuscated their controversial issues by blaming the context, then placating stakeholders via the Internet, and influencing the news via sponsored articles. Dunne et al. (2021) studied Big Four auditors' performance as reactions to the public scrutiny when they were questioned due to providing unqualified audit reports to financial institutions that went bankrupt later. By observing how the Big Four auditors applied tactics, they concluded two aspects of Big Four auditors' responses: On one hand, Big Four auditors emphasize their professional and knowledgeable self-presentation, meaning that their work is unquestionable and honest; on the other hand, they present themselves as a beancounter who is "narrow, mechanical, well-meaning but helpless-pawn" (Dunne et al., 2021). Edgar et al. (2018) investigated how private finance initiative ("PFI") private-sector corporates legitimized their involvement through impression management when the public criticized the UK PFI policy. They observed that PFI corporates first used assertive techniques to gain legitimacy at the early stage and to maintain legitimacy when challenged. When they aimed to rebuild trust, they used defensive techniques.

To summarize, previous articles regarding controversial issues found that defensive and assertive impression management tactics have been deployed in the accounting narratives to pursue legitimacy (e.g., Edgar et al., 2018; Boiral et al., 2022; Dunne et al., 2021). In addition, the research mentioned above found that corporates use more defensive techniques or strategies than assertive ones to repair legitimacy. Prior research also argued that the use of impression management tactics changed over time and could be influenced by some factors, such as the comments from the audience (e.g., Ogden & Clarke, 2004).

2.2.4. The identified gap

Overall, these articles we discussed before show the corporates' efforts in applying impression management in their narrative disclosures to communicate their financial or non-financial performance. They use various impression management strategies for three purposes: The first is to enhance their corporate impression in favorable circumstances (e.g., Yang & Liu, 2017); the second is to require legitimacy construction when corporates' actions are criticized due to some controversial issues (e.g., Edgar et al., 2018; Ogden & Clarke, 2004); the third is to repair their reputation or legitimacy when corporates' financial performance does not come up to the expectations, or negative scandals occur (e.g., Clatworthy and Jones 2003; Edgar et al., 2018; Boiral et al., 2022; Dunne et al., 2021). We will discuss the impression management strategies in detail in the method theory. However, to our knowledge, no articles have discussed the use of impression management in corporates' reporting as a response to the money laundering scandal. Money laundering does not attract enough attention in impression management research compared to other controversial issues. As discussed in 2.1., money laundering has been associated with many illegal activities and legitimizes the illegal money, which causes high costs to society. Compared to other controversial issues that occur in limited regions, money laundering usually requires cross-regional illegal activities, which is likely to jeopardize the public's trust in the global financial system. Banks' trust and reputation could be impaired when the money-laundering scandal is exposed. Banks then require rebuilding trust from customers, shareholders, and the public. Accounting narrative in company reports and press releases is a common way for banks to communicate with stakeholders. Hence, we focus on the money laundering issue from impression management. We could better understand how banks regard this issue, how they reflect on their failure, and how they justify their misconduct. Non-financial stakeholders need to be aware of banks' self-presentation when banks' misconducts conflict with the general interest or even their interest, such as the reputation and the trust. Additionally, as prior research showed that defensive strategies had been used more frequently than assertive strategies, we believe it is interesting to test its implication in different settings and explore why. Based on the gaps we mentioned before in 2.1.4 and the discussion we made here, we shape our research question:

How do banks manage their impression in their accounting narratives after the money-laundering scandal?

To answer this research question, we will combine Goffman's framework with the typology of impression management strategies to further analyze the narrative disclosures. The following section will introduce how and why we use Goffman's framework and integrate it with our typology of impression strategies.

2.3. Method theory

This section describes our lens to study how banks employ impression management in their accounting narratives and reason why this lens is suitable for our study. We will first introduce Goffman's framework and explain why it applies to our research. Then we introduce the prior research regarding the typology of impression management strategies. We combine the impression management strategies with Goffman's framework.

2.3.1. Goffman's framework

The origins of impression management, also called self-presentation, were conceptualized and developed by Goffman (1959). He likens social interactions to what happens in a theatre: People in daily life as "actors" play a variety of roles in front of a specific group of observers, which are referred to as the "audience" (Goffman, 1959). Goffman's framework has been extended to analyze corporate reporting, which in Goffman's words, refers to the frontstage and the backstage performance of corporates. In our study, the frontstage performance refers to banks' reactions presented in published accounting narratives. In contrast, the backstage performance refers to banks' interactions with regulators or influential stakeholders, such as investors or banks' internal interactions. We attach importance to the performance at the front by employing Goffman's framework. We present our design of developing Goffman's work in **Figure 1**, which shows that banks strive to deliver a persuasive performance and project a reliable and responsible character shortly after money laundering scandals. Different elements have been captured to help us analyze (i.e., actor, colleague groups, script, character, audience).

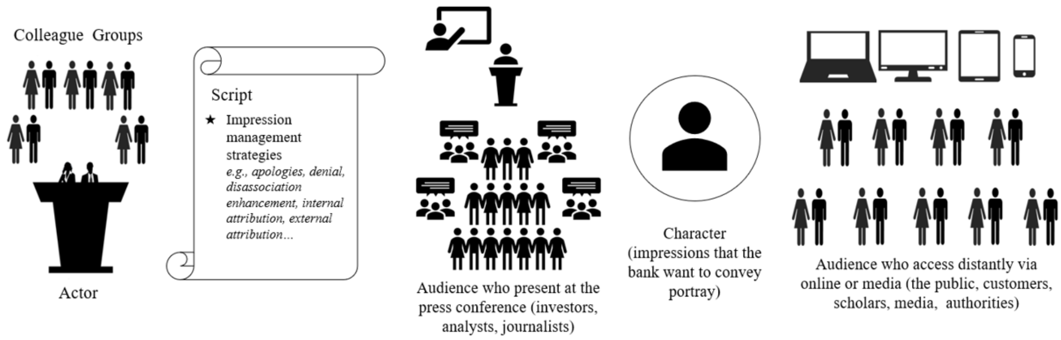

Figure 1. Banks' frontstage performance by use of Goffman's framework

Our research relies on Goffman's framework for these reasons. First, Goffman's analysis emphasizes interaction and individuals' expressiveness to deliver impressions to their audience. When the money laundering scandals are exposed, bank practitioners, regulators, and the public distribute a collective focus on this event, "perceive they do so and perceive this perceiving," representing a focused interaction (Goffman, 1961; Goffman, 1983). Our study focuses on the banks that expect to manage their self-presentation through expressions in front of the public.

Second, Goffman's concepts, especially performances at the frontstage and backstage, are pertinent to our focus. He assumes that people create the frontstage performance to control their audience's reactions. Moreover, the audience are assumed to be able to audit banks' performance. Given that we care more about the impressions conveyed to the public and little information could be accessed regarding how banks interact with regulators or employees, we focus on analyzing the frontstage performance of banks.

Third, Goffman (1959) suggests the situations in which performers are prone to conceal or understate some activities. Their impressions presented in the frontstage performance show inconsistency with the facts. In our study, banks have the motives to emphasize their inconclusive role in the money laundering activities when they are involved in the money laundering scandals. Therefore, we believe Goffman's framework is a fitting lens for our study. We will explain the critical elements of Goffman's framework in the following paragraphs. These elements help us compare different cases in the analysis and provide potential explanations.

- Actor: the bank involved in the money laundering scandal. Professions are constantly mentioned in Goffman's analysis. To be precise, individuals of the higher professions are the most likely to cultivate the impression of "sacred comparability" between themselves and their jobs (Goffman, 1959). Similarly, the bank is considered to be highly regulated and do well in risk management.

- Colleague groups: According to Goffman (1959), the members of the colleague groups are considered as a whole and shape a collectivity. In our case, colleague groups refer to banks involved in different money laundering scandals.
- Audience: Based on Goffman's (1959) identification, the audience of banks' narratives shows a mixture of the audience who participates physically during the press release and the audience who get the information indirectly. Since the audience would judge banks' performance and influence banks differently, banks would consider them when deciding banks' way of presenting themselves and their expressions in words. In our study, the case banks we selected are involved in money laundering scandals that would significantly damage their credibility. Banks are under more pressure than before, given the tremendous social impact of the events.
- Script: Although Goffman provides the theoretical underpinning for the research on the frontstage performance, he does not address the script, referring to as banks' expressions in narrative disclosures. Goffman did mention that performers use techniques of impression management and suggest "keeping close to the facts" (Goffman, 1959, p.141). He also points out the defensive practices employed to protect individuals' own projections and the protective practices applied to support and save the another's projections. However, he did not provide a systematic typology of various impression management strategies. Since we need to examine the way banks choose to express their views and show their attitudes, we combine other articles regarding typology of impression management strategies with Goffman's critical elements to analyze the banks' expressions in words after money laundering scandals.

2.3.2. Typology of impression management strategies

Given that Goffman's work does not address the expressions in words, we introduce other studies which categorize specific impression management strategies. We first collect the typology of impression management strategies from prior research, then select the impression management strategies related to the bank setting and sort out the related impression management strategies.

Prior articles research how to classify impression management strategies from two perspectives. On the one hand, articles have concentrated on the extended use of impression management strategies identified for individuals' self-presentation (e.g., Mohamed et al., 1999; Dunne et al., 2021; Boiral et al., 2022). Jones and Pittman (1982) provided a taxonomy of five self-presentational strategies (i.e., ingratiation, intimidation, self-promotion, exemplification, and supplication) by linking particular motives to strategic resources, which have been extended to the organizational studies. Tedeschi and Norman (1985) categorized impression management strategies into assertive and defensive strategies. Assertive strategies are employed to accentuate the impression, while defensive strategies are used to respond to the dilemma (Cooper & Slack, 2015). In other words, the use of assertive strategies emphasizes the positive image and the use of defensive strategies to obfuscate the negative outcomes, minimize the negative impact, and repair reputation (Mohamed et al., 1999). Tedeschi and Norman (1985) proposed two acclaiming strategies (i.e., entitlement and enhancement), which complemented the strategies from Jones and Pittman (1982) and defensive strategies (i.e., excuse, justifications, apologies, restitution, and disassociation). Based on prior research, Dunne et al. (2021) developed the typology of impression management strategies that cater to the Big Four auditors' setting under public inquiry, including five assertive and five defensive tactics. We get inspiration from Dunne et al.'s outcomes and add another perspective regarding ways of presentation in the accounting narratives, which will be discussed later. Rather than group impression management strategies into either assertive or defensive tactics, we think that some strategies could be used for both assertiveness and defense. Thus, we put them into the category of other strategies.

On the other hand, articles categorize the ways of presenting information in accounting narratives (e.g., Merkl-Davies and Brennan, 2007; Săndulescu, 2021). Merkl-Davies and Brennan (2007) pointed out various methods to present in the reports (i.e., reading ease manipulation, rhetorical manipulation, thematic manipulation, visual and structural manipulation, biased benchmarks, choice of earnings number). Săndulescu (2021) summarized three ways to present the narratives: repetition, evaluative statements, and biased use of information. We do not think these two perspectives contradict each other, but they complement each other. Using various ways to present information in the accounting narratives is likely to enhance the influence of impression management strategies. Cooper and Slack (2015) combined two perspectives and brought out their impression management framework, which specifies and summarizes impression management strategies and presentational approaches. Based on Cooper and Slack's framework (2015) and Dunne et al.'s typology (2021), we summarized a typology of impression management strategies and presentational approaches, shown in Figure 2. We have classified 17 impression management strategies into three groups (i.e., assertive, defensive, and other strategies), suitable for bank setting.

Additionally, we bring together the related presentational ways, such as pictures, graphs/tables, color/font, list/bullet points, repetition, and reading ease manipulation. The following shows our typology of impression management strategies. In **Table 1**, we summarize the strategies' definitions and give banks' potential behaviors in the money-laundering scandal setting. We will discuss similar strategies and how we distinguish them from each other in the methodology.

Table 1. Definition and explanation of impression management strategies

Strategies	Definition	Behaviors

Assertive impression management strategies		
Enhancement	Organizations claim that despite negative effects, the event can realize positive outcomes and/or the positive value is out of expectations (Cooper & Slack, 2015).	Banks might highlight their contributions to individuals, the financial system, and the whole society.
Exemplification	Organizations expect to deliver an impression of integrity, responsibility and alignment with principles and ethics (Mohamed et al., 1999).	Banks can emphasize their investment in fighting against financial crimes. Banks can stress their efforts for compliance.
Ingratiation	Organizations' flattery, praise or similar expressions towards their audience to get the approval (Cooper & Slack, 2015).	Banks might try to flatter or please the authorities.
Self-promotion	Organizations "promote their own competence, qualities, abilities and experience" (Cooper & Slack, 2015).	Banks may accentuate their ability in risk management and maintain financial growth during challenging time.
Internal attribution	Organizations claim the responsibility for the positive outcomes (Cooper & Slack, 2015).	Banks might attribute the improved outcomes in combatting money laundering to their efforts.
Defensive impression management strategies		
Apologies	Organizations admit that they are at least partially responsible for the negative event and express their remorse and guilt (Ogden & Clarke, 2005).	Banks may apologize for their deficiencies and failures for the negative impact.
Denial	Organizations use denial that they do not	Banks might deny their violations of regulations.

	take responsibility, which emphasizes their innocence regarding the negative events. In this way, organizations maintain their impressions of “infallibility” (Goffman, 1959).	
Disassociation	Organizations present themselves distant from negative events or negatively spotted individuals (Cooper & Slack, 2015).	Banks claim it was the misconduct of few individuals or branches that lead to the incompliance with regulations.
External attribution	Organizations attribute the responsibility for the negative events to the external individuals or organizations beyond their control (Merkl-Davies & Brennan, 2007).	Banks can blame organizations related to money laundering activities or scandals, such as regulators, clients.
Intimidation	Organizations highlight their power and willingness to cause harm to those who are against them (Mohamed et al., 1999).	Banks might threaten people with the relevant information to keep silent.
Restitution	The victims get compensations for the negative events from organizations. This keeps organizations away from any injustice or unfairness (Jones & Pittman, 1982).	Banks might compensate the victims.
Supplication	Organizations try to show that they are weak and powerless and require urgent help	Banks may stress that urgent help is needed to prevent money laundering activities.

	(Jones & Pittman, 1982).	
Justification	Organizations admit their responsibility for the consequence of an adverse event, but they do not “accept any negative implications that may be attributed to them.” (Ogden & Clarke, 2005)	Banks’ justification of failure in anti-money laundering by stating the limitations or uncontrollable factors such as social environment, financial crisis.
Omission	Organizations withhold part of facts to portray themselves as positive impressions. (Cooper & Slack, 2015)	Banks might omit the critical details to hide the truth or mitigate the negative impact.
Organizational handicapping	Organizations’ efforts appear unlikely to complete the work. This provides organizations with “a ready-made excuse for failure” (Mohamed et al., 1999).	Banks might claim that the anti-money laundering program is too difficult to complete.
Other strategies that could be either/both defensive or/and assertive		
Performance comparisons	This involves organizations’ choice of benchmarks that present current situation in the best possible light (Merkl-Davies & Brennan, 2007).	Banks can choose benchmarks to present their performance in the best possible.
Selectivity	Organizations usually use this strategy to emphasize the positive outcomes and cover the bad ones by biased information, biased figures, etc. (Cooper & Slack, 2015)	Bank can calculate key financial ratios by selecting figures that were favorable to them. Bank may select to present more good news to cover bad news.

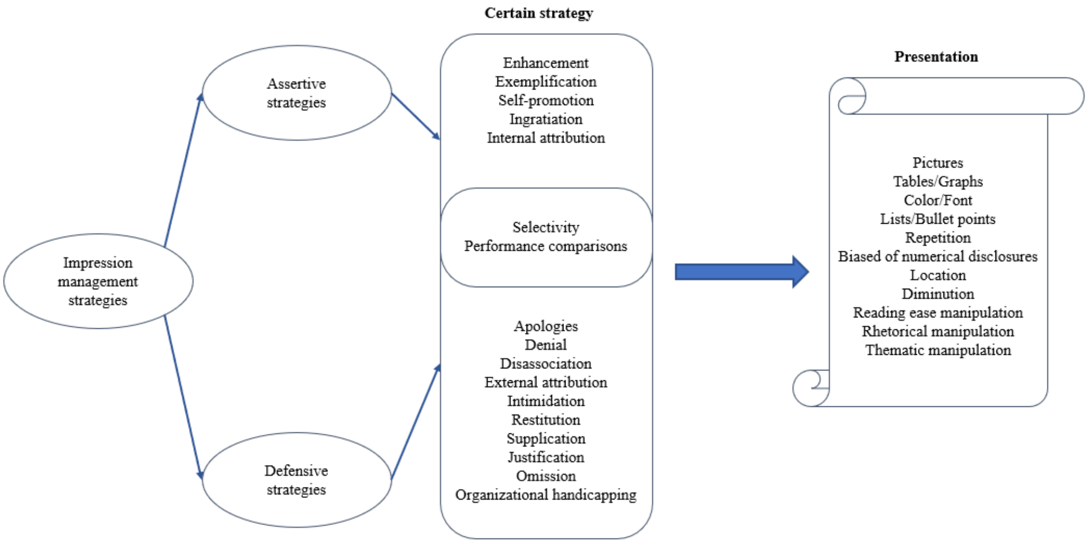

Figure 2. Our typology of impression management strategies

2.3.3. Staging the character

Actors at the front stage work with their colleagues and scripts to present themselves disguised as the characters they need to project for their profession's credibility. Our analysis would review the bankers' performance (i.e., their expressions and responses in the accounting narratives) after money laundering scandals and capture the characters that banks are thought to project.

In summary, Goffman's framework combined with impression management strategies is applied as the lens in our study. We mobilize Goffman's concepts and tailor Goffman's elements to the bank setting. It is reasonable and exciting to apply Goffman's work with the typology of impression management tactics concerning money laundering scandals. By using Goffman's framework and impression management strategies, we interpret and analyze the evidence banks provide when they react to the money laundering scandals in their accounting narratives. Our contribution to prior research regarding Goffman's work and impression management strategies is to apply the framework in the bank setting under the context of money laundering scandals.

3. Methodology

The following chapter constructs the research methodology. The first section is a research design that discusses why and how we chose multiple case studies and why discourse analysis is suitable for our study. The second section explains the selections of banks and texts to be analyzed. The third section includes data collection and analysis processes, followed by the fourth section, research quality.

3.1. Research design

3.1.1. Multiple case study

To address the research question, we perform a qualitative, multiple case study. Money laundering has widely been discussed in prior quantitative research, and a great amount of qualitative research has focused on impression management. However, there is little research applying qualitative research on impression management regarding money laundering scandals. While quantitative researchers usually avoid being involved with subjects to ensure objectivity, qualitative researchers can rely on qualitative methods to bridge the status gap between themselves and the social world and maintain close involvement with the studied subjects (Silverman, 2013; Bell et al., 2019). In our research, through a detailed qualitative case study, we try to understand the issue through banks' eyes and interpret banks' behaviors and the impact of these actions on stakeholders.

Impression management is widely used in different contexts, but its strategies differ from organization to organization. Although banks involved in money laundering share some common characteristics, they are very various in contexts and backgrounds such as active area, social environment, self-centering etc. Multi-case research provides a more comprehensive understanding of situational uniqueness and what strategies have been chosen to achieve impression management (Stake, 2006). Additionally, multi-case research allows us to test whether findings are replicated across cases (Saunders et al., 2019). Therefore, we can further examine and compare impression management's performance in different environments.

3.1.2. Discourse analysis

We applied discourse analysis as the methodological approach to study impression management in money laundering scandals. By testing language materials, discourse analysis improves our understanding of social interaction and the role of communications and written texts (Taylor, 2013). To better test the impression management theory, we examined language materials such as annual reports, ESG reports, and conference calls to explore how banks portray themselves and how banks use these materials to interact with stakeholders. The conference call, for example, shows the conversations between different parties and provides further insights into how companies communicate in particular relationships. Balogun et al. (2014) concluded six significant strategies for discourse analysis: poststructuralist discourse analysis, critical discourse analysis, narrative analysis, rhetoric analysis, conversation analysis, and metaphor analysis. Narrative analysis is considered suitable for our study. As Barry and Elmes (1997) suggested about the interrelation between narrative and strategy, narrative analysis enables us to define strategic activities better and to figure out how these strategies are constructed (Taylor, 2013). An accounting narrative is an important way for banks to communicate with stakeholders. By applying specific strategies in choosing words and graphs, phrasing sentences, and in constructing the whole storyline, banks can strategically present themselves more favorably. The narrative analysis aims to evaluate linguistic characteristics and explore the evidence of social phenomena (Barry & Elmes, 1997). This finding aligns with our research question of how banks manage impressions in responding to the money laundering scandal via accounting narratives.

3.2. Selection of case companies and texts

While some academics mentioned that qualitative research might not provide generalizable knowledge through a few cases study (Mason, 1996). In our case, instead of pursuing a large sample size, we select the cases inspired by a particular theory, impression management, which we aim to study. Impression management research normally requires looking through accounting narratives, graphs, and photographs, leading us to look for companies with sufficient materials (Silverman, 2013).

Mason (1996) suggested that extreme or deviant cases could be examined to test a well-formulated theory (Yin, 2009). Therefore, to study the use of impression management in money laundering scandals, we firstly selected money laundering cases according to the estimated size of money being laundered. Cases with a larger amount of money being laundered attract more attention from regulators and the public, thus giving companies more pressure to disclose related information. In addition, these cases have been usually simultaneously investigated by several authorities, which provides more details to understand the scandal and the story behind it. The second indicator we considered is the time when the scandals occurred. Our study selected cases from 2010 onwards. Several banks involved in money laundering scandals in the 20th century or early 21st century, such as BCCI and Wachovia bank, have been closed or acquired. Thus, little accessible information could be found. Apart from that, disclosure forms and standards are constantly updating, and cases in the same time frame enjoy more similarities in terms of social environment, disclosure requirements, and disclosure methods. It is then more effective to study the impact of other significant factors (i.e., active business areas) on companies' choice of impression management strategies. Demography is the third factor. Regulations on anti-money laundering vary from country to country. Studying companies that operate in different regions can help us tease out how social environment and regulatory requirements influence companies' responses to money laundering scandals (Livingston, 1987; Stake, 2006).

Finally, we choose four cases that give us the best opportunities to test impression management. Two banks (Danske Bank and Swedbank) actively operate in European countries, and two (HSBC and Standard Chartered Bank) actively operate in Asia. Another reason for choosing HSBC is that after the first money-laundering scandal in 2010, HSBC continues to be involved in scandals. As such, we thought it was a 'deviant' example worth discussing.

Related disclosures are selected mainly from banks' websites to conduct discourse analysis. Silverman (2013) indicated that a limited body of data should be applied to ensure the effectiveness of detailed analysis. Especially for multiple case studies, it is crucial to balance the effort on studying the uniqueness of each case and the effort on domain theory. We thus carefully select informational texts in company reports, sustainability reports, and conference call scripts after scandals happen. More specifically, for Danske bank, we collected texts disclosed from 2017 onwards, HSBC 2012, Swedbank 2020, and Standard Charted Bank 2019. It is worth noting that we only select the narrative used to respond to the money-laundering scandal.

3.3. Data collection and analysis

We conducted data analysis based on domain and method theory. As discussed in chapter 2, we adopted Goffman's theory as a theoretical lens to interpret empirical findings. Moreover, discourse analysis was adopted to interpret the narrative. Two independent researchers read the reports and scripts of speech and analyzed them.

3.3.1. Data collection

The materials for our research consist of annual reports, interim reports, related press releases, and other available resources from banks' official websites. We collect the evidence from the corporate reports (i.e., annual reports and interim reports) and related press releases during specific periods, but we also accumulate the evidence from the transcripts of conference calls. Furthermore, we also gather the reports from the third parties and the authorities. By comparing the evidence from banks' narratives and the content from the third parties and the authorities, we could find out banks' omissions. We sort out the materials we analyzed in **Table 2**. **Appendix B** presents a detailed description of all materials for analysis.

Table 2. Summary of public materials

<table>
<tr><td>Firms</td><td>Resources</td><td>Time</td><td>Type</td></tr>
<tr><td rowspan="2">Danske Bank</td><td rowspan="2">Corporate Report</td><td>2017-2021</td><td>Annual Report</td></tr>
<tr><td>2017-2021</td><td>Interim Report</td></tr>
</table>

	Press Release	2017-2021	Related to Estonia Case
	Transcript	2017-2019	Script for conference call
	Other Report	2018	Danske Bank's management and governance in relation to the AML case at the Estonian branch
Swedbank	Corporate Report	2018-2021	Annual Report
		2018-2021	Interim Report
	Press Release	2020	Swedbank comments on Clifford Chance report
		2020	Swedbank respects the Financial Supervisory Authorities' decision
	Transcript	2018-2021	Transcription for telephone conferences
	Third Party Report	2020	Clifford Chance Report
		2020	Finansinspektionen's Notification
Standard Charted Bank	Corporate Report	2012-2021	Annual Report
		2012-2021	Interim Report
	Press Release	2012-2021	Related to settlements
	Transcript	2021	Script for conference call
	Third Party Report	2012	Order of Assessment of a Civil Money Penalty
		2012	US Department of Justice report
		2019	US Department of Justice report
HSBC	Corporate Report	2010-2021	Annual Report
		2010-2021	Interim Report
	Press Release	2021	Restoring trust
	Transcript	2010-2021	Transcripts for conference calls
	Third Party Report	2012	US Department of Justice report

3.3.2. Narrative analysis

We utilize NVivo 12 software to store and analyze the accounting narratives from the disclosures of four case banks. Adopting an inductive analysis approach, we first read through all sentences related to money laundering scandals, then grouped observed sentences that used impressing management strategies according to the typology. As shown in **Figure 3**, we first coded four banks' behaviors in response to money laundering scandals (Level 1). The coding was then matched to the typology of impression management strategies (Level 2). Finally, we reasoned and summarized the message banks wanted to convey through these strategies and the impression they tried to project.

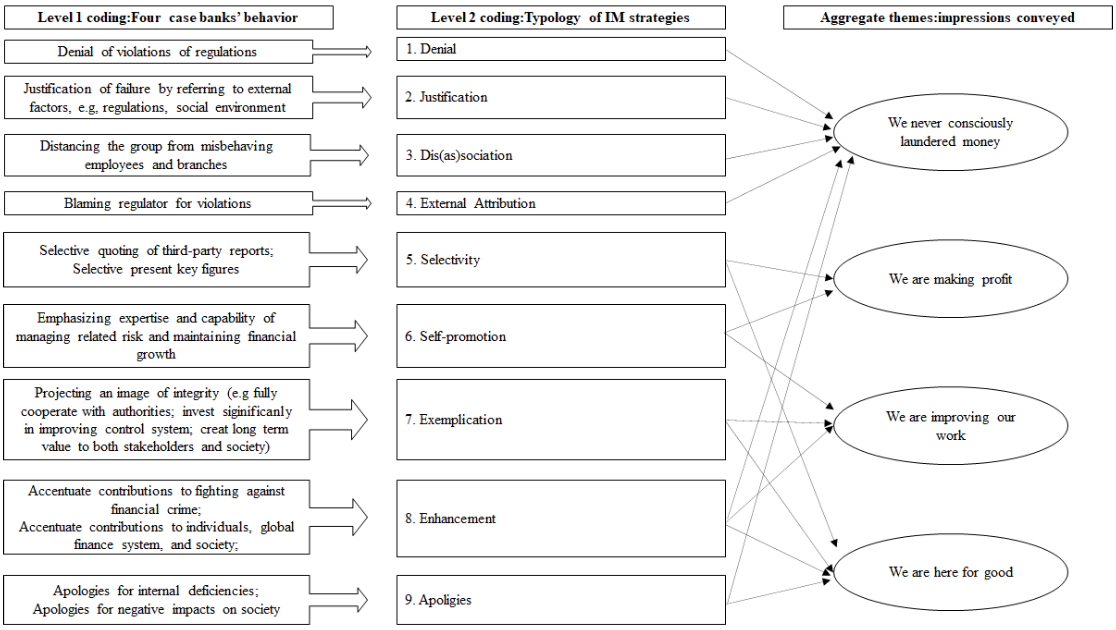

Figure 3. Strategies deployed by banks to support their impressions

We first separately read all related materials for Danske Bank and independently summarized all behaviors, impression management strategies, and delivered impressions during the analysis process. Then, we compared and discussed findings to better understand narratives and all strategies. Once we finished one case, we moved to the other one.

"Keyword" is one way to identify the strategies used. For example, "we apologize..." or "we denied/reject…" signals use 'apologies' and 'denial'.

Specific strategies are similar, and we thus considered different factors such as key actors and intensions. For example, 'external attribution' and 'justification' can sometimes be confused because banks mention external factors and try to get away with mistakes when using these two strategies. Here, we attempt to explain each strategy in as much detail as possible and analyze its intentions. For instance, if banks mention specific external actors like "authorities," "lawyers," or "regulators," we claim they are trying to reduce their responsibility by attributing at least some of the errors to external individuals or organizations. Thus, we decided that he was using 'external attribution'. However, sometimes, banks state that "money laundering is a societal problem" and "it will never end." They also identify an external cause-social environment. When mentioning this, we believe banks justify their failures by emphasizing that money laundering activities are inevitable.

Apart from that, since one strategy (level 2) can be used to deliver several impressions, we had long discussions to develop a consistent understanding of each strategy and impression. One example is determining whether banks are conveying “we are improving our work” or “we are here for good” when they highlight their efforts to detect and prevent financial crime, including money laundering. We take several factors into account. First, did these efforts take place before or after the scandal? If they were before the scandal, the bank was likely trying to convey “we are here for good”. Second, are these efforts related to the deficiencies that were found in certain areas? If so, we believe that they are conveying the message that “we are improving our work”.

For instance, when banks stress their previous investment and contributions to combating financial crime, we believe they are trying to say that they are here to reduce the crime and help build a better society. Thus, we categorized this behavior as using ‘enhancement’ to convey the impression that “we are here for good”. In contrast, when banks explained how they upgrade their anti-money laundering control systems or their plans to make up for deficiencies in customer due diligence related to money laundering, we categorized these statements as using ‘exemplification’ to convey the impression that “we are improving our work”.

3.4. Research quality

For a long time, “validity” and “reliability” have been used to determine the quality of qualitative research (Silverman, 2013, p.534). However, the application of this method has been questioned since these two concepts cannot be addressed in the same way in quantitative research. Many qualitative researchers pointed out that qualitative studies should be assessed based on different criteria from those used for quantitative research (Bryman & Bell, 2019). Guba et al. (1985, p.7) proposed an alternative framework to evaluate qualitative research. Guba’s framework includes four aspects of trustworthiness: “credibility, transferability, dependability, and confirmability”. Further, Lincoln and Guba (1985) stress that ‘credibility’ is essential to gaining trustworthiness.

In this research, we aim to study the empirical materials comprehensively and provide in-deep and insightful analysis. To increase ‘credibility’, before analyzing the data collection, we tried to develop an early familiarity with the background and social environment of the case. Also, we are well aware that the interpretation of the accounting narratives and the determination of impression management strategies used are affected by researchers’ knowledge and subjectivity. Therefore, we have developed detailed definitions for all strategies to counteract the biases. Additionally, we provided several direct quotes from organizations’ publications for each strategy in both text and **Appendix A** to strengthen the plausibility and help readers better understand the story.

4. Empirical analysis

In this chapter, we first introduce how banks have been involved in the money laundering scandal. Secondly, we analyze the impression management strategies used by each bank. Finally, we summarize the impressions that banks want to convey, supported by the messages presented by impression management strategies.

4.1. Danske Bank Case

4.1.1. Introduction

Danske Bank is a Nordic universal bank founded in Denmark in 1871. Headquartered in Copenhagen, it is the largest bank in Denmark and one of the largest financial institutions in the Nordic countries. Danske Bank has 3.3 million personal customers and 2,353 corporate customers in Nordic countries and beyond (e.g., the UK, Ireland, Russia, the USA, etc.) (Danske Bank, 2018). The group has several service lines such as banking, mortgage finance, insurance, pension, etc.

In 2017, numerous authorities in Denmark and Estonia, such as the Danish FSA, and Estonian FSA, started investigating the Estonian branch of the Danske Bank. According to the investigation results, the Estonian branch has been used for illicit funds flowing out to Russia, Azerbaijan, and Moldova. Between 2003 and 2017, 44 percent of all deposits at the branch are from non-residents customers. From 2007 to 2015, these customers conducted 7.5 million transactions, and the total estimated size of money being laundering amounts to 200 BEUR. In the following analysis, we use the "Estonia Case" to refer to this case.

Even though the investigation started in 2017, Danske Bank's involvement in money laundering began in 2007 when it acquired the Finland-based Sampo bank, which had an Estonian branch. After being acquired, the Estonian branch remained its own IT platform, and many materials are documented in Estonian or Russian (Bruun & Hjejle, 2018). In 2009, Thomas Borgen became the Head of International Banking activities. One of his responsibilities is to oversee the Baltic branches (i.e., branches in Estonia, Latvia, and Lithuania). From 2010 to 2015, the Estonian branch experienced an increasing number of non-resident customers. During 2007 and 2013, the percentage of profits before credit losses of the non-resident accounts for the Estonian branch rose from 49 percent to 99 percent of the branch's total profit. According to Dansk Bank's annual report for 2011, banking activities in Baltic branches generated 15 percent of the total group's profit before tax, despite only making up 6 percent of the bank's assets. In 2012 Thomas Borgen left his previous position and became the CEO of Danske Bank.

In 2014, an employee at the Estonian branch called Howard Wilkinson published a report about suspicious non-resident accounts moving a large amount of money through the bank, often from Rubbles to US dollars. Due to the pressure from anti-money laundering regulators, Danske Bank disclosed its non-resident business at the Estonian branch in 2016. Furthermore, in 2017, a Danish magazine 'Berlingske' released several reports that investigated Danske Bank's involvement in hiding crimes in an organized way. These reports attracted lots of attention regarding Danske Bank's involvement in money laundering. In the autumn of 2017, several authorities launched an investigation into the Estonian branch and released the findings in 2019. The former head of the Estonian branch, Aivar Rehe, had been questioned as a witness by prosecutors. However, in September 2019, Aivar was found dead. Even though related investigation might be complicated, the police announced they would not investigate the death.

As a result, the CEO Thomas Borgen and Chairman of the Board of Directors Ole Anderson resigned at the time. Estonian prosecutors detained ten former employees knowingly enabling money laundering with Russian customers. Danske Bank Group exited Estonia in 2019 and donated all estimated profits from non-resident accounts (1.5 BDKK) to an organization that combats financial crime.

4.1.2. Impression management strategies

To understand how Danske Bank constructed the accounting narrative, we use **Table 3** to summarize the impression management strategies used by Danske Bank in their money-laundering scandals. In conclusion, Danske Bank used three assertive strategies ('enhancement', 'exemplification', and 'self-promotion') and one defensive strategy ('apologies'). 'Selectivity' can be both assertive and defensive; in Estonia's case, the Bank selectively presented favorable figures to cover the negative impact of the scandal. Therefore, we considered it defensive. In conclusion, assertive strategies account for 81.7 percent of total observations, while defensive strategies take up only 18.3 percent. 'Exemplification' is most frequently used, accounting for 53 percent of total observations.

Table 3. Summary of observed impression management ("IM") strategies

IM strategies	No. of observations	% of total IM strategies
Enhancement	6	4.50%
Exemplification	70	53.0%
Self-promotion	32	24.2%
Selectivity	20	15.2%
Apologies	4	3.0%
Total	132	100%

4.1.3. Impressions conveyed

While accepting the responsibility for failures in money laundering controls, Danske Bank also uses impression management strategies to convey three impressions: (1) We are making profits; (2) We are improving our work ;(3) We are here for good.

4.1.3.1 We are making profits

When presenting the financial performance and the related impact of the Estonia Case, Danske Bank delivered three important messages.

- Although the money laundering scandal causes lots of extra expenses for compliance and combating financial crime, Estonia Case does not significantly affect the revenue.
- The customer outflow due to the exit from the Baltic area is not a material issue.
- We are confident in managing the negative impacts and continue creating long-term value to stakeholders and society.

Danske Bank used assertive strategy ('self-promotion') and defensive strategy ('selectivity') to project the impression that they can handle problems and stay strong in business. 'Self-promotion' was used to show their expertise as a financial institution and emphasize their capability to maintain operations. For example, when stakeholders asked about the customer outflow due to the case, Danske Bank concluded that the 11,000 core retail clients lost were manageable.

> It's important to note that even though we're obviously sad to lose any customer of the bank, this does not have a size that materially impacts the results of our financials. (Script of conference call, 2018)

Regarding the impact of the Estonia Case, Danske Bank stressed that the negative impacts were limited, Danske Bank are "rock-solid all-in-all", and the case would not affect any business plan or access to international banking facilities (Script of conference call, 2018).

> The situation has no impact on our strategies in Sweden and Norway. We are continuing to take market share and be the price leader on certain products to make sure we grow in the market. (Script of conference call, 2018 Q3)

Even though the case significantly increased the expense, Danske Bank is confident that "they will see much lower Estonia costs in the following year" (Script of the conference call, 2020 Q2).

In the conference call of the first half 2018, it is interesting that an external analyst mentioned Danske Bank might need to pay a large number of fines and asked if Danske Bank consider stopping the buy-back from leaving some flexibility. The CEO of Danske Bank said:

> There is no reason whatsoever for us to stop the share buy-back with the present capital, with preset earnings and the present knowledge at hand. (Script of conference call, 2018 Q2)

However, in 2018, Danske Bank canceled the share buy-back program due to higher requirements of the Danish FSA on solvency and higher capital ratio.

To present the financial performance more favorably, Danske Bank also uses selectivity to accentuate positive figures and reduce attention to other information, such as the significant negative impact of the Estonia case.

For instance, while Danske Bank emphasized the loss of 11,000 core retail clients, and this is not material, a journalist brought up two questions during the conference call. The first question asked about the total outflow of all types of clients. The second question is about the decreased deposits. Believing the customer flows are probably imperfect metrics, the journalist looked at the group deposits and found they declined by 45 billion DKK (5 percent) compared to the beginning of the year.

To answer the first question, the interim CEO, Jesper Nielsen, said the total population of customer outflow is 29,000. Furthermore, Jesper again underlined their customer portfolio is 1.4 million; therefore, the total outflow of clients is immaterial. For the second question, without clarifying the significant decrease in deposits, Jesper claimed, “we do not see any structural change in our deposit book.” (Script of the conference call, 2018).

4.1.3.2 We are improving our work

To project an image of “we are improving our work,” Danske Bank utilizes ‘exemplification’ to (1) present their reflections and improvements in compliance; and (2) show their efforts in improving customer satisfaction and contributing to society.

Having conducted a detailed internal investigation, Danske Bank stressed that they have learned lessons and invested significant resources to prevent its reoccurrence.

> We remain fully committed to taking all necessary steps to understand what led to the failures and to make all the changes needed...to prevent something similar from happening again. (Annual report, 2018).

Although Danske Bank has not disclosed its internal investigation results, in their annual report, they clarified deficiencies in their control system and management process by referring to the investigation report released by third parties. In addition, they presented several actions and plans to emphasize the improvements they have made in anti-money laundering procedures and compliance

> We have accelerated our AML improvement efforts over the next three years through earmarked investments of up to DKK 2 billion…We have also increased the number of people working to combat financial crime considerably. The extensive AML program, which has led to major changes in organizational structures, routines and procedures. (Annual report, 2018).

Danske Bank underlined customer satisfaction is their key priority, “we accelerate efforts to improve both quality and the efficiency of controls and integrate the processes into customer journeys as part of the ambition to offer best customer experience.” (Annual report 2018, p.9). To help stakeholders better understand the situation, Danske Bank increased the number of dialogue meetings with all types of customers to communicate the situation and their plans.

4.1.3.3 We are here for good

To convey the impression that "we are here for good," Danske Bank used 'apologies' 'exemplification', and 'enhancement' to deliver three messages:

> We know our responsibilities, and we are honest about our failures in this case.
> We are integrating with both customers and society.
> We are acting to adhere to compliance and solid ethical value.

At the beginning of the annual report of 2018, Danske Bank apologized for their failures in the Estonia case to show that they take social responsibility seriously.

> We have responsibility and an obligation to positively impact the Nordic economies and societies…We offer our sincere apologies for our failures and the implications the case has had. We have failed to live up to this responsibility. Not only have we disappointed out customers and our employees but also our stakeholders and society at large. (Annual report, 2018)

Danske Bank also uses 'enhancement' to convey the impression of trustworthiness and aligning with social responsibility. One example is the bank emphasizing its contributions to society and the importance of regaining trust from the public.

> For more than 145 years, Danske Bank has created opportunities and helped individuals and businesses in the Nordic countries realize their ambitions. Enabling businesses to finance new ventures and providing opportunities for individuals to buy a home of their own or save for retirement …creating wealth and prosperity for society as a whole… (Annual report, 2018).

Danske Bank further takes 'exemplification' to convey that they are embracing compliance and being honest to authorities and the public.

> We continue to fully cooperate and will provide the authorities with further information when requested. A new central unit has been established with the task of overseeing the remediation of the identified legacy issues and ensuring a fully transparent approach along with timely communication with customers and other stakeholders. (Annual report, 2020)

To show their commitment to combating economic crime, Dansk Bank "decided to donate DKK 1.5 billion, the estimated gross income from the non-resident portfolio in the Estonia branch, to an independent foundation supporting initiatives to combat international financial crime." (Annual report, 2018, p.12).

4.2. Swedbank Case

4.2.1. Introduction

Rooting in the Swedish savings bank movement from 1820, Swedbank is the leading bank publicly listed on NASDAQ Stockholm (SWED) in providing lending, payments, savings, and other services for more than 7 million individual customers and 550,000 corporate customers. Swedbank mainly operates in Sweden, Estonia, Latvia, and Lithuania (Baltic countries).

Swedbank's exposure to money laundering scandals in the Baltic countries, especially in Estonia, has been questioned since 2018, when Danske bank was under investigation. An external law firm looked through the foreign clients of Danske bank and published a report that showed signs of suspicious money laundering transactions from Swedbank. Swedbank's CEO Birgitte Bonnesen, on 23 October 2018, said that Swedbank was limited to this risk because they focused on the retail customers, and their anti-money laundering procedures ensure strong actions against the suspicious transactions. She also claimed that Swedbank did not have foreign customers who only moved money from the bank in the Baltics at that time. Swedbank also made statements of "zero tolerance" for money laundering in the 2018 Annual Report.

In February 2019, Sveriges Television ("SVT") raised questions about the engagement of Swedbank in money laundering in the Baltics. SVT mapped the suspicious transactions worth at least 5.8 BUSD from Swedbank to the Danske Bank money laundering scandal. Thus, Swedbank was directly linked to the money laundering scandal. Together with the Estonian supervisory authorities, Swedish Financial Supervisory Authority ("SFSA") immediately started to inquire about Swedbank's work.

At the end of March 2019, Swedbank's CEO Birgitte Bonnesen was fired, and chairman Lars Idermark resigned. The law firm Clifford Chance was hired by Swedbank to examine the internal anti-money laundering systems. SFSA investigated Swedbank's compliance regarding anti-money laundering in their Baltic subsidiaries during the period 2015 to Q1 2019. SFSA's investigation shows that Swedbank failed to meet anti-money laundering requirements. Their subsidiaries were found not to have sufficient resources, clear roles and responsibilities, and competence, leading to the failure to combat money laundering. During the investigation, Swedbank did not fully provide the requested information and even provided false information (Swedish Finansinspektionen's notification, 2020). As a result, Swedbank received a fine of 4 billion SEK from the SFSA in 2020.

Moreover, they are still under investigation by US authorities. According to the Local Sweden's news (2022), Birgitte Bonnesen, the former CEO of Swedbank, was charged by Swedish Environmental Crime Agency ("SECA") in 2020 for aggravated fraud. SECA is also concerned about her statements in 2018 and 2019 regarding Swedbank's work against money laundering in the Baltics. It is the first time a former chief executive of a large Swedish bank has been prosecuted for an on-the-job crime.

4.2.2. Impression management strategies

The impression management strategies used by Swedbank in their reports and press releases have been summarized and presented in **Table 4**. From the texts, we can observe that compared to defensive strategies, Swedbank used more assertive strategies, which account for nearly 95 percent of total observations. 'Enhancement' is the most frequently used impression management strategy, with around 53 percent of total observations. 'Exemplification' with the proportion of 16 percent in total observations ranks second.

Apart from that, they also apply several defensive impression management strategies, consisting of 'justification' and 'selectivity.' 'Selectivity' is used to conceal their improper behaviors. Thus, we think it is one of the defensive strategies. 'Justification' accounts for 4 percent of total observations. 'Justification' is the most frequently used defensive strategy in this case.

Table 4. Summary of observed impression management ("IM") strategies

IM strategies	No. of observations	% of total IM strategies
Enhancement	82	53.25%
Exemplification	38	24.68%
Justification	7	4.55%
Selectivity	1	0.65%
Self-promotion	26	16.88%
Total	154	100%

4.2.3. Impressions conveyed

Swedbank has delivered three impressions via different impression management strategies to their target audience for the money laundering scandal in 2018: (1) We never consciously laundered money; (2) We are improving our work; (3) We are here for good.

4.2.3.1 We never consciously laundered money

To deliver the impression that 'We never consciously laundered money,' four messages are shown by the use of strategies 'Disassociation,' 'Justification,' and 'Enhancement': (1) We admit our mistakes and acknowledge our responsibility; (2) It is not just our faults. (3) We are powerless to eliminate the money laundering activities given that it is a societal problem.

When the media first questioned Swedbank's involvement in money laundering in 2018, Swedbank presented a resolute attitude towards money laundering in their annual report by claiming their zero tolerance for any crime. They repeated this message "zero tolerance" both in reports and at the presentation in 2018. Unsurprisingly, they were very discreet in jumping to any conclusion, compared to Danske Bank, which used the strategy 'Apologies' directly to admit the scandal.

When SFCA finished the investigation and announced Swedbank's deficiencies in their operations, Swedbank expressed in a vague way that they were partly responsible due to improper governance and control of anti-money laundering. Swedbank's new President and CEO, Jens Henriksson, directly pointed out that

> Swedbank has failed to uphold the trust of customers, owners and society. This is troublesome and very serious. (Press release, 19 March 2020)

Surprisingly, we have not observed that the top management apologized or expressed any sentiments directly for the scandal after the former chief executive officer Birgitte Bonnesen was dismissed. The impression management strategy 'Selectivity' is employed in the texts to weaken their role regarding their disclosures, which shows similarity with Danske Bank. Both of them used 'Selectivity' for defense. Unlike Danske Bank's selectivity of favorable benchmarks, Swedbank selectively quoted the notification from SFCA and said that "the bank had shortcomings in disclosing information to the authorities (Annual Report, 2020, p.19)". According to SFCA's decision (2020), two perspectives have been identified: One refers to the bad quality of information; the other is Swedbank's inability to submit the requested information.

Swedbank also applied the strategy 'Justification' to minimize their past wrongdoing, while Danske Bank did not. In this way, Swedbank showed its powerlessness in eliminating money laundering activities. They emphasized the limitations and diverted attention to other factors. There are some examples of the impression management strategy 'Justification' employed in their reports:

> I don't think the issue of money laundering will ever disappear. It is a societal problem……The world is constantly changing, and criminals are always finding new ways to circumvent the rules and systems. (Annual Report, 2021).

> We will never stop working to prevent money laundering, because this is a crime that unfortunately will never stop. Cash is slowly but surely disappearing, which means that all financial flows will go via the financial system. Criminals will try to exploit our platforms, because that is where the money is stored and transferred. (Annual Report, 2020).

In addition to these defensive strategies, Swedbank also employed assertive strategies. Like Danske Bank, 'Enhancement' is used in the Swedbank's narratives. However, Swedbank used this strategy to emphasize the positive perspective during the period when their customers engaged in money laundering. Despite their severe deficiencies in managing money laundering risks, Swedbank highlighted the significant improvements made in 2016-2019 (Annual Report 2020, p.20). Their message shows that Swedbank is not consciously involved in the money laundering scandal. They indeed take partial responsibility for this because of their deficiencies in their governance and control.

However, they are vital in will but weak in power to eliminate money laundering activities. In this way, they conveyed their impression that "We never consciously laundered money."

4.2.3.2 We are improving our work

'Exemplification' and 'Self-promotion' are employed to convey three messages:

- We are improving from the culture and the strategy.
- We invest in managing money laundering-related risks and combat financial crimes.
- We corporate with external consultants and experts.

Finally, Swedbank showed that "We are improving our work".

After Swedbank's new CEO admitted that Swedbank had improper governance and internal control, it is critical for Swedbank to rebuild trust and demonstrate its determination and actions to reform. In addition to affirming that not all blame should be placed on Swedbank ("We never consciously laundered money"), Swedbank also portrays itself as they have turned over a new leaf and made various changes ("We are improving our work"). Swedbank's CEO showed his attitude directly by saying that "The shortcomings the Financial Supervisory Authorities observe will be managed and remedied without delay, insofar as they have not already been remedied" (Press release, 19 March 2020).

As Danske Bank did, Swedbank also used the strategy 'Exemplification' to build up a positive image and reflect their positive progress in preventing and detecting money laundering activities. They similarly presented their investments in money laundering preventions and investigations as follows:

> Underlying costs increased in 2020 due to intense efforts to better protect the bank against money laundering and other financial crime……In 2021 and 2022, underlying costs will continue to rise……partly because we continue to invest in combatting financial crime……there are costs for money laundering-related investigations, which are hard to estimate, but our hope is that they will not exceed SEK 500m per year in 2021 and 2022. (Annual Report, 2020)

Using 'Exemplification,' Swedbank shared their improved business, particularly combatting money laundering and managing related risks. They share their attitude of making up for previous mistakes and moving towards sustainability by presenting these improvements.

Apart from that, 'self-promotion' has been applied to stress their expertise, capability, and quality regarding the previous work.

> I have been impressed after these meetings by the high level of skills of my colleagues, the professionalism in the bank, and the willingness to do the right thing…… (Annual Report, 2018).

The above paragraph reflects the CEO's affirmation of the professionalism of his colleagues. In addition, they also highlighted their solid asset quality, strong financial position, stable profitability, best in real estate, and "Industry leader in sustainability." Given the money laundering scandal, it is hard to promote their quality and capability in anti-money laundering. Therefore, they have emphasized their corporation with external experts and consultants (e.g., BCG consulting group) whose expertise and professionalism could be promoted. Contrary to this, Danske Bank used 'Self-promotion' to show that they could manage the cost of the Estonia case and still make profits.

4.2.3.3 We are here for good

In the previous parts, we discuss Swedbank's self-perception of their role and responsibility in money laundering scandals ("We never consciously laundered money") and what they have done ("We are improving our work"). By use of 'Exemplification' and 'Enhancement,' they attempt to convey their messages that we value our social responsibility and make continuous efforts with business ethics, thus presenting the impression that "We are here for good".

The construction of the third impression is based on the first and second impressions. By claiming their "zero tolerance" for money laundering and continuously showing progress in various aspects, Swedbank aims to convince its stakeholders that "We are here for good". Swedbank frequently take 'exemplification' to show their ongoing engagement in fulfilling the social responsibility, for instance

> Swedbank is engaged in various social initiatives in our home market……Continued efforts to address historical shortcomings in detecting and preventing money laundering, and how the shortcomings are addressed. The need for dialogue with decision makers and others outside the bank has been greatest in Sweden and Estonia. (Annual report, 2020)

They deploy 'exemplification' to highlight the importance of ethics in their work.

> Areas such as……business ethics are among Swedbank's main success factors (Annual report, 2021)

'Enhancement' is used to share their contributions to the whole society. Like Danske Bank, Swedbank uses this strategy to emphasize its contributions to individuals' dreams and society's financial stability. For instance, they claimed they offered more than 16,000 positions and helped individuals realize dreams (Annual report, 2020).

By describing their actions and continuous efforts, they impressed that "We are here for good" and emphasized that they still keep the good intention today.

4.3. Standard Chartered Bank Case

4.3.1. Introduction

Standard Chartered Bank (SCB) was formed by merging two banks in 1969, the Standard Bank, which focused on India, Australia, and China, and the Chartered Bank, which mainly flourished in British and South Africa. After merged, SCB decided to expand in Europe and the U.S. market while continuing expansion in Asia and Africa. Although the headquarter was based in London, operating income from Asia (10,448 MUSD) and Africa and the Middle East (2,446 MUSD) accounts for 86 percent of total operating income (14,897 MUSD).

SCB has been involved in sanctions-breaking for a long time. In 2003, the Federal Bank of New York ("FBNY") discovered SCB New York branch transaction deficiencies. In 2004, SCB signed the "2004 Written Agreement" issued by the FBNY and the New York State Banking Department ("NYSBD"). The agreement required SCB to improve its compliance with regulations regarding anti-money laundering to "address all deficiencies in SCB New York branch's AML policies and procedures, customer due diligence practices, risk management processes, and internal control environments." (Standard Chartered Civil Money Penalty, 2012, p.1). The agreement was terminated in 2007 by FBNY and NYSBD. In 2010, U.S. authorities announced sanctions on Iran, Libya, Myanmar, Syria, and Sudan due to nuclear weapon involvement. According to the sanctions, the transactions in the U.S. financial system should not come from or go to the sanctioned countries mentioned above.

In 2012, the Department of Financial Services ("DFS") issued a Cease & Desist Order, which required paying civil money penalty. The order concluded that from at least 2001 to 2007, the SCB New York branch processed U.S. dollar-denominated funds transfer for Iranian banks and deleted information from payment messages to hide transactions. Also, the order suggested in 2005 and 2006, SCB provided "incomplete and misleading information" regarding the practices for U.S. dollar clearing transactions, especially those with Iranian customers (FDS, 2012, p.1). In August 2012, SCB rejected the order and insisted they comply with regulations all the time. However, in December 2012, SCB finalized the settlement agreements with U.S. authorities and paid penalties of $667 million (Justice News, 2012).

In August 2014, Financial Conduct Authority (FCA) issued a consent order related to the effectiveness and governance of the AML controls in the Group's U.K. banking business. In 2019, again, the United States Department of Justice (DOJ) released the investigation results that showed "from 2007 to 2011, SCB processes at around 9,500 financial transactions worth approximately $240 million via U.S. financial system for Iranian entities". (Justice News, 2019, p.1). In April 2019, SCB announced it had finalized the settlement with both U.S. and U.K. authorities. Under the agreements, the Group will pay 947 MUSD to U.S. agencies and 102 MGBP to the FCA.

4.3.2. Impression management strategies

The impression management strategies used by Standard Chartered Bank in their press release and reports have been summarized and presented in **Table 5**. As we can see, SCB use both assertive strategies (‘self-promotion’, ‘exemplification’) and defensive strategies (‘disassociation’, ‘justification’, ‘denial’ and ‘external attribution’). Although we observed more types of defensive strategies used in narratives, assertive strategies appeared more frequently. This means SCB prefer to leave a positive impression by presenting their contributions to society and ability to make profit. ‘Exemplification’ is the most frequently used strategy, accounting for approximately 53 percent of total observations. Apartment from the assertive strategy, SCB use defensive strategy to blame partial responsibility on employees and regulators and project an image of honesty and innocent. It is worth noting that when Danske Bank and Swedbank use ‘selectivity’ as defensive to cover the bad news, SCB uses ‘selectivity’ both assertively and defensively to stress the good news and cover the bad news.

Table 5. Summary of observed impression management (“IM”) strategies

IM strategies	No. of observations	% of total IM strategies
Denial	4	4.40%
Dis(as)sociation	2	2.20%
Exemplification	48	52.75%
External attribution	6	6.59%
Justification	1	1.10%
Selectivity	12	13.19%
Self-promotion	18	19.78%
Total	91	100%

4.3.3. Impressions conveyed

4.3.3.1 We never consciously laundered money

When SCB first received the order from US authorities in August 2012, SCB denied the violations on the same day.

> The Group strongly rejects the position, or the portrayal of facts as set out in the order issued by the DFS. (Press Release, 2012)

While denying the accusation, SCB also used ‘exemplification’, and ‘external attribution’ to convey the message that SCB conducted internal review regulations to ensure they comply with related regulations. SCB further project an image of ‘victim’ as they believe their hands are clean.

Through ‘exemplification,’ SCB highlighted their previous compliance efforts, such as conducting reviews of transactions and being transparent to authorities.

> In January 2010, the Group voluntarily approached all relevant US agencies and informed them that we had initiated a review of historical US dollar transactions…to ensure that all the US agencies would receive all relevant information, regular updates and presentations of the investigation. The materials included several thousands of pages of documents and interview notes, plus analysis of approximately 150 million payment messages. (Press Release, 2012)

To defend their statements, SCB stressed that "over 99.9% of transactions relating to Iran complied with the U-turn regulations according to internal investigations" (Press release, 2012, p.1) and blamed the US authorities for the incorrect allegation.

> The Group does not believe the order issued by the DFS presents a full and accurate picture of the facts…. Interpretation reflected in the DFS' order is incorrect as a matter of law. (Press Release, 2012)

Since SCB has been actively cooperating with authorities since 2004, SCB also suggest it is not reasonable for DFS to issue the order currently.

> Resolution of such matters normally proceeds through a coordinated approach by such agencies. The Group was therefore surprised to receive the order from the DFS, given that discussions with the agencies were ongoing. (Press Release, 2012)

In December 2012, SCB announced it had reached final settlements with US authorities. At this stage, SCB used 'Disassociation' and 'Justification' to convey the impression that they have tried their best to combat financial crime and they never consciously laundered money.

While admitting the violations and control deficiencies, SCB barely provides information necessary for readers to understand the case but only presents the results. More specifically, SCB does not introduce the case's background and does not give details about the issues embedded in their control system at the group level. When explaining the cause of the violations, SCB placed partial blame on two junior employees. It makes us wonder if the group is distancing itself from its employees and creating an image of innocent.

> These violations include the actions of two former junior employees who were aware of certain customers' Iranian connections and conspired with them to break the law, deceive the Group and violate its policies. Such behavior is wholly unacceptable to the Group. (Press release 2019)

Unlike Danske Bank, which summarizes the investigation result from authorities in detail, SCB uses only one paragraph in their press release, which includes three sentences, to present the findings. On the one hand, SCB does provide some facts. On the other hand, they try to justify its actions in various ways to leave a positive impression. As shown below, SCB first stressed that most of their unannounced transactions are legal. After presenting the estimated size of money transformed into the New York financial system, SCB stated the total amount of money SCB New York processed. This creates a sense that illegitimate transactions are a small part of their overall transactions, and this small part is immaterial and inevitable.

> OFAC found that "while SCB's omission of information affected approximately 60,000 payments related to Iran in total $250 billion, the vast majority of those transactions do not appear to have been violations of the Iranian Transactions Regulations". Over the entire period from 2001 to the end of 2007, it found that approximately $24 million of transactions processed on behalf of Iranian parties and a total of $109 million on behalf other sanctioned entities from other countries (Burma, Sudan and Libya) appeared to be in violation of sanctions laws. Over the same period, SCB New York processed $139 trillion in US dollar payments. (Press Release, 2012)

4.3.3.2 We are making profit

Same as what Danske Bank does, in its description of the impact of this case, SCB selectively presented a 'minimal' impact by stressing that the investigation and penalties do not have a significant impact on the company's operating and financial performance. In addition, SCB used both 'selectivity' and 'self-promotion' to show a favorable financial result to convey that the group stays strong in this challenging time.

Most of the time, when summarizing the financial performance and key ratios, SCB chose to present the income, normalized cost, and profit, excluding the penalties paid to U.S. authorities, to show a better result. Also, SCB pointed out that the significant growth in the Asia and Africa market, their main focused area, makes up for the loss in the U.S. and Europe due to penalties. The 'selectivity' in presenting the financial result conveys an impression that they continue to create value for stakeholders and society.

> Hong Kong remained our largest profit generator, growing operating profit by 7 P percent, and profit in Africa grew strongly, up 23 percent. This helped offset lower profits across several other geographies, with the Americas, UK & Europe impacted by the settlements with the US authorities. (Annual report, 2012)

Without mentioning the further required remediation and investigation, SCB accentuates the agreements' bright side. And they are pretty confident that they can manage all these compliance issues and continue driving profit growth.

> Under the terms of the OFAC Settlement Agreement and order of penalty with the Federal Reserve, no further action will be taken against Standard Chartered by these authorities if it meets the conditions set out in the agreements. (Press Release, 2012）

In the latter part of the 2012 Annual Report, SCB presents some financial indicators after considering the cost of settlements with US authorities but intending to convey the message that "Financial performance in 2012 was good, even after taking into account the cost of the settlements with the US authorities." (Annual report, 2012, p.167)

4.3.3.3 We are improving our work

To convey the impression that "we are improving our work," SCB used 'exemplification' and 'self-promotion' to deliver two messages: (1) we have solved all problems; (2) we invested lots of efforts during this period in upgrading compliance systems and in strengthening sanctions.

We found that SCB emphasized several times that all these violations occurred in the past and were stopped long ago. Thus, conveying an image that they are clean now.

> We ceased our Iranian USD payments business in late 2006 and in the following year stopped transacting any new business with Iranian entities, well before such actions were required by U.S. authorities. (Annual report, 2012)

> The vast majority of which predated 2012 and none of which occurred after 2014. (Press Release, 2019)

Especially when talking about the settlement with both US and UK, SCB tried to convey a positive impression. Not taking orders as a 'warning,' SCB described the settlement and penalties as a milestone in resolving all related compliance issues.

> We resolved in April our previously disclosed investigations in the US and UK into historical sanctions and financial crime controls issues. We are pleased to have resolved these matters and to put these historical issues behind us. (Annual report, 2019)

4.3.3.4 We are here for good

To convey the impression "we are here for good", SCB accentuate three messages by using 'exemplification':

- Although we made some mistakes, we've tried our best to compensate the negative impact. For example, they stressed "We remain committed to ensuring exemplary governance and ethics in all our markets, and to co-operate fully with law enforcement agencies across our network to detect and stop financial crime" (Annual report, 2018, p.140).
- We care about out stakeholder and society. As mentioned in the annual report of 2012 (p.9), "we will try to do the right thing and take a long-term view of our obligations to our shareholders, our clients and customers and the communities in which we operate.".
- We play an essential role in economy. Except for mentions their contributions in worldwide financial system and global business, Peter Sands, the Group Chief Executive, emphasized "we must prove to a skeptical world that we really are doing the right thing and being there for the long term. It is about recognizing that we have an important role to play in the economy and broader society." (Annual report, 2012, p.12).

We also found SCB selective quoting of reports issued by US and UK authorities. For instance, in the description of settlement with authorities in 2019, SCB quoted sentences regarding the penalties and further actions. While 80 percent of the order presenting the violations and deficiencies of SCB, SCB do not present deficiencies disclosed in resolution documents, in contrast, SCB select some positive comments from authorities, trying to portray a positive impression.

> The resolution documents recognize that the Group has undergone a comprehensive and positive transformation… the FCA and U.S. Agencies have commented favorably on the Group's remediation efforts, the Group's improved culture of compliance, the Group's cooperation with the investigations, and the Group's leading role in public-private partnerships to fight financial crime. (Annual report, 2019)

4.4. HSBC Case

4.4.1. Introduction

HSBC is one of the largest international financial-related services providers, headquartered in London. HSBC operates in 64 countries and territories and works with approximately 40 million customers, with 187,000 shareholders in 128 countries and territories. The value of customers in Hong Kong accounts for the most proportion (at 33 percent) of the total value, followed by the value of customers in the UK (31 percent). The value of customers in Asia, the Middle East, and North Africa make up 49 percent of the total value, while the value of customers in the UK and North America occupies 41 percent. HSBC regards the UK and Hong Kong as their home markets. Around 20 countries comprise their growth priority markets.

In October 2010, HSBC Bank USA entered a consent cease and desist order with the Office of the Comptroller of the Currency. Its indirect parent of that company, HSBC North America, entered into a consent cease and desist order with the Federal Reserve Board. This required HSBC's US businesses to improve for US Bank Secrecy Act and Anti Money Laundering compliance when the ongoing investigation was at an early stage. In 2012, the investigation result of HSBC by US authorities came to the public.

According to the US Department of Justice's court documents (2012b), HSBC Bank USA failed to implement the anti-money laundering program from 2006 to 2010. HSBC Bank USA was accused of inadequately monitoring suspicious transactions and detecting skeptical activities from HSBC Group Affiliates. In particular, as one of HSBC Bank USA's largest Mexican clients, HSBC Mexico was suspected of assisting in laundering money. Due to anti-money laundering deficiencies, at least $881 million in drug trafficking proceeds were delivered to the USA silently. The proceeds included the illegal incomes from drug trafficking by the Sinaloa Cartel in Mexico and the Norte del Valle Cartel in Colombia.

The court documents (2012b) also mentioned the risk rating deficiency of HSBC Bank USA. They ranked Mexico as standard risk, the lowest anti-money laundering risk category, even if lots of evidence could prove that it was a severe money laundering-related risk to do business in Mexico from 2006 to 2009.

HSBC Holdings plc. and HSBC Bank USA admitted and acknowledged their responsibility for failures of anti-Money laundering and sanctions violations. According to the US Department of Justice's public release (2012a), the company agreed to forfeit $1.256 billion, enter into a five-year deferred prosecution agreement ("DPA") with US authorities, and pay $665 million in civil penalties. During the five-year deferred prosecution agreement, the monitor assessed the bank's performance in terms of compliance and decided whether there could be further punishments. Besides, HSBC

Mexico paid 379m Mexican pesos (approximately 28 MUSD) imposed by Mexican authorities because of incompliance with anti-money laundering regulations.

4.4.2. Impression management strategies

We summarized and presented the impression management strategies used by HSBC in **Table 6**. In the accounting narratives, we can observe that HSBC uses more assertive impression management strategies than defensive impression management strategies. ‘Exemplification’ is the most frequently used IM strategy, with around 83 percent of total observations. ‘Self-promotion’ with the proportion of 10 percent in total observations ranks second. ‘Enhancement’ accounts for around 4 percent of total observations, highlighting their positive outcomes despite the concerns from the third party after the scandal.

The defensive impression management strategies only account for nearly 4 percent of total observations. They apply defensive strategies, including ‘Apologies’ and ‘disassociation’. ‘Apologies’ is more frequently used than ‘disassociation.’ It is not surprising to see this result. Since the US department of justice clearly showed HSBC’s violations against the regulations and uncovered their practices, HSBC had no choice but to admit its responsibility and express its remorse. We also observe that HSBC did not directly refer to the money laundering case but used ambiguous references, such as “well documented reasons.”

Table 6. Summary of observed impression management (“IM”) strategies

IM strategies	No. of observations	% of total IM strategies
Apologies	5	2.33%
Disassociation	3	1.40%
Enhancement	8	3.72%
Exemplification	178	82.79%
Self-promotion	21	9.77%
Total	215	100%

4.4.3. Impressions conveyed

By gathering evidence from HSBC’s annual reports, interim reports, transcripts of conference calls, and press releases, we identify three impressions that HSBC tends to use impression management strategies to deliver: (1) We never consciously laundered money; (2) We are improving our work; (3) We are here for good.

4.4.3.1 We never consciously laundered money

To deliver the impression that “We never consciously laundered money,” HSBC use ‘Apologies’ and ‘Disassociation’ to convey three messages: (1) We are sorry for the mistakes; (2) We value our reputation; (3) The vast majority care for the standards and values expected by the public.

When the money laundering scandal came to the public and US authorities began to investigate in 2010, HSBC applied the strategy ‘Apologies’ to admit their weaknesses in compliance and express their remorse:

> We deeply regret that a number of weaknesses in regulatory compliance were highlighted in 2010. (Annual report, 2010)

When the US department of justice drew on the conclusion and reached a five-year DPA with HSBC, HSBC repeated their ‘Apologies’ in the interim report and annual report for2012, for instance:

> HSBC has made mistakes in the past, and for them I am very sorry. Candidly, in particular areas we fell short of the standards that I, my colleagues, our regulators, customers and investors expect. (Interim report, 2012)

The repetition shows the importance they attach to the money laundering scandal. Since HSBC knew this controversial issue certainly affected their image and caused both monetary cost and reputational damage, they needed to present that they valued this issue. In addition, they emphasized that “everything they do is governed by the imperative of upholding HSBC’s corporate reputation (Annual report, 2012, p.5). They also repeated the significance of their corporate reputation and brand value in the annual reports for the following years. Interestingly, when they mentioned their controversial issue arising from their incompliance with regulations, they did not directly refer to any scandal but vaguely said, “for well documented reasons, the last two years have been extremely damaging to HSBC’s reputation and to our perception of ourselves (Annual report, 2012, p.7)”. This reference can confuse the audience and increase the barrier to reading ease.

Besides ‘Apologies,’ HSBC also used other defensive strategies, such as ‘disassociation.’ As SCB did, both of them did not use ‘disassociation’ very often, given that they have acknowledged their responsibility for this issue. By claiming that the bad practice of a few caused the problem, they tried to distance the mistakes from the whole group:

> Since we know too well that the bad practice of a few can stain our reputation we were, and are, determined to take the appropriate measures to protect and enhance our reputation. (Interim report, 2012)

By pointing out that a few individuals whose actions caused the reputational damage did not reflect the vast majority of employees, HSBC has shaped the impression that the vast majority valued their corporate reputation and cared for the standards and values expected by the authorities and the public. This reflects that HSBC never consciously laundered money.

4.4.3.2 We are improving our work.

HSBC use ‘Exemplification,’ ‘Enhancement,’ and ‘Self-promotion’ to deliver two messages: (1) We learn lessons continually; (2) We are adopting the highest standards;

(3) We have the capability and expertise to enhance ourselves and resolve the problems. Thus, they expressed that “We are improving our work.”

Expressing their apologies and demonstrating the importance they placed on their reputation is not enough to reverse the negative perception of them by the public. More critical than this are the measures being taken by HSBC to prevent a recurrence. When presenting their efforts, only assertive strategies are applied in the narratives. Like the other three banks, IM strategy ‘exemplification’ is a tactic used to show their progress in improving their governance and control to prevent money laundering activities and financial crimes. HSBC first stressed that they have reflected a lot from this incident and created the impression that the lesson learned from their previous mistakes are never-ending and they would make a difference from the time being:

> We learn lessons continually. As those who seek to exploit the financial system constantly adapt their approach, we need to be tireless and more innovative in our own efforts to stop them. (Interim report, 2012)

HSBC argued that the ceaseless criminal activities breach HSBC’s defense and detection, revealing the bank’s deficiencies in anti-money laundering. By introducing their Global Standards program, they claimed to reinforce risk management and control against financial crimes. They highlighted their introduction and application of the global highest standards in their practices:

> We are adopting global standards as part of our effort to raise our practices to an industry-leading level. This is part of our wholehearted commitment to protect the integrity of the organization and the financial system, and to do our part to fight financial crime. (Annual report, 2012)

In detail, they described their investment in human resources and their enhancement of the leadership and management to apply the global highest standards:

> More than 3,500 people are now employed globally to work on compliance and the cost of the Compliance function has approximately doubled since 2010 to more than US$500 million. We have created and recruited externally for two new Compliance leadership roles……and appointed a number of senior staff with extensive experience of handling relevant international legal and financial issues. (Annual report, 2012)

Apart from that, HSBC also claimed that they invested in building up and enhancing their IT systems:

> We upgraded or replaced key compliance IT systems, with over $1bn spent since 2015. (Restoring trust, 2021)

By showing their considerable investment in financial crime risk management capabilities, they delivered the image that they are taking actions to strengthen their ability to protect the financial system.

During the five-year agreement deferred prosecution period, they also presented the comments from the monitor. They applied the strategy 'enhancement' to emphasize the positive progress, despite the concerns about the pace of the progress from the monitor. Fortunately, the monitor in 2017 "expressed confidence that HSBC can achieve its target end state within the next 18 months (Annual report, 2017, p.78)".

In addition to using 'exemplification' and 'enhancement,' 'Self-promotion' is also employed to present their strong wealth business and market-leading position in some areas. Besides, they repeatedly praised the professionalism and competence of employees in their annual reports, indicating that HSBC had the capabilities and accountability to resolve the problems and improve their work against money laundering.

4.4.3.3. We are here for good

By delivering the impression that "We never consciously laundered money" and describing how HSBC are improving their work, they ultimately try to emphasize the good intention. To show that "We are here for good," HSBC used 'enhancement' to convey that they are taking actions to fulfill social responsibility and moving towards sustainability. The impression that "We are here for good" incorporates two levels of implications: On the one hand, HSBC has the good purpose of making contributions to its stakeholders and the whole society; on the other hand, HSBC is continuously improving itself to be good, furthermore, be the leading in industries.

HSBC emphasized that they never stop their commitments to society and work continuously to make social contributions, despite doubts, skepticism, and the negative impact of the money laundering case. Like Danske Bank, HSBC also takes 'exemplification' to show that they align with compliance and cooperate with the authorities,

> HSBC and HSBC Bank USA made payments totalling US$1,921m to US authorities and will continue to cooperate fully with US and UK regulatory and law enforcement authorities and take further action to strengthen their compliance policies and procedures. (Annual report, 2012)

After HSBC's two-year progress, they even claimed that "When commentators extrapolate instances of control failure or individual misconduct to question the firm's culture, it strikes painfully at the heart of our identity (Annual report, 2014, p.5)". This sentence shows powerful emotion when mentioning the critiques HSBC has faced due to the money laundering scandal until now. This message shows that HSBC tried to persuade the audience to believe that "We are here for good."

4.5. A trustworthy character

Based on our findings, we identified the impression management strategies used by banks and discovered four impressions that banks conveyed when responding to money laundering scandals. In conclusion, banks tried to set up a trustworthy image. As Danske Bank highlighted in annual report (2018, p.4), "Only with trust can we fulfill our obligations as a financial facilitator and enabler, and only as a trustworthy bank can we pursue a coherent strategy to the benefit of all stakeholders.". All four case banks claimed rebuild trust is at the top of their agenda after scandals.

The four impressions we conclude in **Table 7** help banks build a trustworthy image differently. On the one hand, banks must regain the trust of customers and the public; it is essential to deliver the message that despite deficiencies, they did not intend to be involved in the money laundering activities. They will do everything to prevent the reoccurrence. Therefore, they project impressions that "we never consciously laundered money," "we are here for good," and "we are improving our work" to show they take social responsibility seriously. On the other hand, most banks need trust from shareholders. Thus, they should convince investors that they are making profits and can generate long-term value for all shareholders.

Table 7. Summary of conveyed impressions and IM strategies used by banks

Impression	Danske Bank	Swedbank	Standard Chartered Bank	HSBC
We never consciously laundered money		Disassociation Justification Enhancement	Denial Exemplification External attribution Disassociation Justification	Apologies Disassociation
We are making profit	Selectivity Self-promotion		Selectivity Self-promotion	
We are improving our work	Exemplification	Exemplification Self-promotion	Exemplification Self-promotion	Exemplification Enhancement Self-promotion
We are here for good	Apologies Exemplification Enhancement	Exemplification Enhancement	Exemplification Selectivity	Exemplification Enhancement

As shown in **Table 7**, the most obvious finding to emerge from the analysis is that all four banks use assertive strategies ('self-promotion', 'exemplification', 'enhancement') more frequently than using defensive strategies ('disassociation', 'justification', 'apologies', 'denial'). To convey the impression that 'we never consciously laundered money', they mainly choose defensive strategies to blame others or social environments for failure, apologize for failures, distant themselves from the scandal by claiming that it is the minority's mistakes, or stress there are limitations for them to stop money laundering. To deliver the impression that 'We are making profit', in addition to assertive strategy 'Self-promotion', 'Selectivity' has been used to be defensive (i.e., conceal the negative financial impact when calculating the key ratios). When presenting 'We are improving our work', assertive strategies are more adopted to portray a positive impression. When emphasizing 'We are here for good', assertive strategies have been more frequently applied than defensive strategies. Only 'Apologies' are used for defensive purposes. 'Selectivity' here has been applied to be assertive (i.e., emphasize their remediation efforts). 'Exemplification' and 'Enhancement' are commonly used to project a well-meaning image.

5. Discussion and contributions

This chapter includes two sessions. The first session discusses the empirical findings and our contributions to impression management studies. The second session illustrates our contributions to money laundering in accounting academics.

5.1. Frontstage performance supported by assertive strategies

Previous studies in the impression management field have paid attention to controversial issues, such as forced child labor (e.g., Perkiss et al., 2020), the occupational health and safety accidents (e.g., Săndulescu, 2021), and privatization (e.g., Ogden & Clarke, 2004). Our research concerns money laundering as the focused issue which causes a significant impact on the whole society. Previous studies regarding controversial issues also suggested that impression management techniques could change over time due to factors, such as the comments from the audience (e.g., authorities and customers). Our study is to illuminate the use of impression management strategies deployed by banks in their accounting narratives in response to the money laundering scandals. When the scandal occurs, banks report to their stakeholders via accounting narratives, as if actors put on their performance on frontstage in front of their audience.

We find that banks share similarities in applying impression management strategies: First, in banks' corporate reports, they use assertive and defensive strategies to rationalize their behaviors. Our findings indicate that our case banks did not clarify their past wrongdoings clearly but put more emphasis on their improvements and contributions to not only anti-money laundering but also integrity. We argue that our case banks have not regarded their disclosures in corporate reports as a vehicle to clearly present their past mistakes, which shows consistency with the findings of prior research (e.g., Boiral et al., 2022).

Second, all four case banks use more assertive strategies that are comparatively homogeneous in their disclosures to emphasize their efforts in combating money laundering and their capability to create value for stakeholders and society.

Third, all four banks use repetition to present both assertive and defensive strategies. Via repetition, we believe that banks reinforce their actions and impressions delivered.

Our findings also show distinctions in banks' behaviors. Apart from the diverse impression management strategies used, banks differentiate from each other regarding the level of disclosure of scandal. Danske Bank disclosed the most information among four banks, followed by Swedbank. Estonia Case is employed in their reactions to refer to issues related to the money laundering scandal in their Estonian branch, which is easy for readers to understand and find the information they need. On top of that, Danske Bank is open to discussing the case in company reports, press releases, and conference calls. For example, in the annual report of 2017, Danske Bank set a separate segment called

"Estonia Case" to introduce the background, cause, timeline, results, and further actions in detail.

In contrast, Swedbank, SCB, and Swedbank disclose little about the case's background, such as what has happened in the specific areas, the deficiencies in their control, and how defects cause the money laundering activities. Besides, all three banks use broad terms such as "well documented reasons" to refer to the money laundering issue. Without knowing the whole picture of this case, it is difficult for the audience to use the information for decision-making. Overall, Danske Bank and Swedbank disclose more about the money laundering scandals than HSBC and SCB do.

Inspired by Goffman's framework (1959), We try to provide possible explanations for the differences mentioned above by exploring the actor, audience, and colleague groupings. The banks, as actors, show different financial positions and operating areas. According to the ranking of the largest banks in terms of total assets by the bankers in 2019, HSBC ranked 6th with total assets of nearly 2715 BUSD, SCB ranked 40th (942 BUSD), Danske Bank ranked 59th (563 BUSD), and Swedbank ranked 105th (257 BUSD). Compared to Danske Bank and Swedbank, HSBC and SCB face more complex business and regulatory environments since HSBC and SCB are active in more than 50 countries and territories. Because of the diversity in global areas, HSBC and SCB are more likely to be involved in legal issues or compliance investigations. The diversity suggests they have more topics to discuss in company reports and leave fewer reporting resources for one specific issue. Various target audience is another potential explanation. According to Sustainalytics' top 20 most sustainable countries ranking, 14 out of 20 countries are from European countries (Sustainalytics, 2022). What's more, with several sustainability reporting frameworks, European countries have a strong focus on ESG issues. Therefore, banks operating mainly in Europe, such as Danske Bank and Swedbank, might have a long tradition or face more tremendous pressure to disclose information when controversies arise. HSBC and SCB, whose largest profit generator is in Asia, tend to disclose more information that caters to their focused stakeholders in Asia, such as financial returns. Among four case banks in this research, we did not detect colleagues' impact. However, in the SCB case, it is interesting to observe that when BNP Paribas and Latvian bank ABLV paid a large number of penalties for sanctions breaking, SCB reported more about their efforts in stopping suspicious business and combating financial crime.

One of the most exciting findings is that Danske Bank and SCB conveyed the impression that "we are making profits," while HSBC and Swedbank did not. It could be argued that the size of penalties is a potential explanation. As Danske Bank and SCB paid significant penalties, they need to stress that the penalties are manageable.

These findings suggest our contributions to the impression management study by testing the outcomes of prior studies in different settings. Regarding the impression conveyed by certain actors, we saw both similarities and differences between our findings and previous findings. For instance, we summarized banks tried to convey the impression that "we are here for good," which is consistent with the fourth impression (i.e., "Our work was good") indicated by Dunne et al. (2021)). However, Dunne et al. (2021) also indicated other three impressions (i.e., "our hands are clean"; "our hands are tied"; "our work was good"). While the Big Four auditors denied the responsibility for audit failures and showed "our hands are clean," case banks in our study admitted their deficiencies and failures in anti-money laundering. Besides, the Big Four auditors prefer to maintain a more conservative image, but banks tend to show a positive and proactive image. The difference between conservative and proactive image are also reflected in impression management strategies' choice. According to the empirical findings of prior studies, defensive strategies have been more frequently used to justify the corporates' conduct when they need to repair legitimacy due to controversial issues (e.g., Edgar et al., 2018; Boiral et al., 2022; Dunne et al., 2021).

In contrast, our findings show that banks use more assertive strategies than defensive ones. There are two potential explanations for the difference. One is that banks are directly involved in the financial system and are assumed to be the first line in fighting against financial crime. This requires banks to take at least partial responsibility when money laundering activities occur. Another explanation is that banks receive more regulation attention and investigations. When authorities have already released the investigation results, it is difficult for banks to defend themselves or distance themselves from illicit activities.

Our study also tested the typology of impression management strategies and identified strategies banks prefer to use when facing scandals. We found that the current typology of impression management strategies can cover most of the mechanisms used by banks to deliver specific messages and impressions. However, emotional languages are not deeply examined in accounting research.

5.2. Contribution to the money laundering research

Most studies on money laundering focus on professions, particularly the role of accounting, in preventing or participating in the money laundering practices (e.g., Mitchell, 1998; Sikka, 2003); however, few articles studied the use of accounting narratives as the response to the money laundering scandal. We thus conducted discourse analysis on accounting narratives of banks when they were exposed to money laundering scandals.

This research contributes to the money laundering research by applying impression management in corporate reporting. Our findings indicate that banks, as one of the most important actors in money laundering activities, use accounting narratives to discuss and explain issues related to money laundering. For those banks involved in money laundering scandals, they applied impression management strategies to influence the perceptions of key stakeholders and the public. These findings provide insights into how banks perceive and react to money laundering controversies. Our study also provides a potential approach to studying key actors involved in money laundering activities.

6. Conclusion and further research

In the aftermath of money laundering scandals, banks were strongly questioned for anti-money laundering control system deficiencies. Banks discussed related issues through a variety of ways to rebuild trust. The main goal of the current study was to examine how banks used impression management to confront the predicament. First, we applied Goffman's (1959) framework to a specific social issue-money laundering. Second, we summarized a typology of impression management strategies and applied it to analyze banks' accounting narratives in their efforts to deliver convincing impressions. Finally, we considered Goffman's framework to provide potential explanations for empirical findings.

We argue that banks mobilized impression management to rebuild trust and mitigate these impacts given the intense investigations and the negative impacts on brand image, reputation, and financial performance. This study proposes that banks apply IM strategies to convey the following four impressions: (1) We never consciously laundered money; (2) We are making profits; (3) We are improving our work; (4) We are here for good. The research has found that banks use assertive strategies (e.g., 'exemplification'; 'enhancement') more frequently than defensive strategies (e.g., 'disassociation'; 'apologies'). This study focuses on impression management strategies, but the findings may well have a bearing on language in emotion of accounting narratives. The study has shown that banks sometimes use language in emotion when stressing particular messages. Consistent with Goffman's (1985) concepts of 'actor' and 'audience,' banks' reactions on the frontstage vary depending on the bank's size, business area, and target audience. Although the choices of impression management strategies differentiate from banks, the similarity in the conveyed messages and impressions suggests banks are in the 'colleague group', who "are organized into a single collectivity which is allowed to represent the professional interests of the grouping" (Goffman 1959, p.106)

This study has several limitations. First, the most significant limitation lies in our knowledge, and motivation may have affected the interpretation of materials. Aware of the interpretive biases suggested by Ahrens and Chapman (2006), we attempted to minimize the bias through a systematic research method. Second, our study only includes public materials related to the frontstage performance and does not collect information about how banks communicate with essential stakeholders such as big investors, external advisors, and employees that present banks' backstage performance. Third, the selection of narratives covering a limited period for each case.

Additionally, the study focuses on a specific controversial issue for banks, therefore, the analysis does not necessarily provide a comprehensive picture of banks' reactions to all types of scandals. Finally, we indicate likely reasons for the empirical results. However, due to the complexity and diversity of the legal requirements and social environments, it is not easy to provide a comprehensive picture of factors that affect banks' choice of impression management strategies.

To study the role of accounting in reporting when controversies occur, further research on impression management should adopt a broader scope. A further study could contrast the impression and strategies used in their accounting narratives before and after the controversies. Some cases are far from over. The communications are still ongoing between banks and authorities, and banks are still working on anti-money laundering systems for compliance. Further work could be done to explore the how banks' practices are aligned with their statements. It is also worthwhile to study the success of impression management strategies used by banks. Goffman (1959, p. 245) suggests that it is crucial to assess "whether the performance will be credited or discredited". One way to evaluate the impact of the frontstage performance is to use questionnaires to collect the publics' reaction.

Furthermore, researchers could also extend the study by exploring the use of impression management strategies in different industries facing different controversies. As the materials are limited in this study, we encourage the researcher to explore non-public information to disclose the backstage performance. Finally, we see the potential to integrate emotions into the studies around the impression management theory. Repenning et al (2021, p.253) suggested that "accounting both conditions and is conditioned by emotions." As mentioned in the HSBC case, when their company culture was questioned due to controversies, they showed strong emotions (i.e., sadness) in the accounting narrative. Those emotional languages (e.g., "it strikes painfully at the heart of our identity", HSBC Annual Report, 2014, P5) might significantly influence their image as IM strategies do. Emotional language will deepen these impressions if the images they establish are consistent with their actions. However, if their actions diverge significantly from their images, emotional language might destroy projected impressions or even cause resentment. Therefore, it is interesting to explore emotions in language and the related impact.

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8. Appendix A

In this part, we will explain the impression management strategies ("IM strategies") by referring to the behaviors and give some examples that we found from the materials in the following table.

Table 8. Examples for IM strategies

IM strategies	Behaviors	Examples
Denial	Denial of violations of regulations	The Group strongly rejects the position or the portrayal of facts as set out in the order issued by the DFS. The Group does not believe the order issued by the DFS presents a full and accurate picture of the facts. (SCB, press release, 2012) The Group believes that the interpretation reflected in the DFS' order, of the U-Turn exemption — a federal regulation administered and enforced by federal authorities — is incorrect as a matter of law. The Group's review of its Iranian payments also did not identify a single payment on behalf of any party that was designated at the time by the US Government as a terrorist entity or organization. (SCB, press release, 2012)
Justification	Justification of failure in anti-money laundering by stating the limitations and referring to external factors such as social environment.	I don't think the issue of money laundering will ever disappear. It is a societal problem……The world is constantly changing, and criminals are always finding new ways to circumvent the rules and systems. (Swedbank, annual report, 2021). We will never stop working to prevent money laundering, because this is a crime that unfortunately will never stop. Cash is slowly but surely disappearing, which means that all financial flows will go via the financial system. Criminals will try to exploit our platforms, because that is where the money is stored and transferred. (Swedbank, annual report, 2020).

Exemplification	fully cooperate with authorities	However, it is very important for us to stress that we cooperate fully with all authorities. (Danske Bank, conference call, 2018 Q3) We continue to fully cooperate and will provide the authorities with further information if and when requested. (Danske Bank, annual report, 2019) We are embracing conduct and compliance. And what we are trying to do to make it as short as possible is to be fully collaborative, give authorities all the information that they need. (Danske Bank, conference call,2019) We accept and acknowledge responsibility for the violations specified in the US settlement agreements and are committed to meeting the ongoing obligations arising from these agreements. (SCB, annual report, 2012) The Group is engaged with all relevant authorities to implement these programmes and to meet the obligations under the settlements, including the monitoring and compliance reviews, responding to further requests for information and inquiries related to its sanctions compliance and identifying further improvements to processes. (SCB, annual report, 2012)
Exemplification	invest significantly for compliance	We invested significant resources in implementing regulatory requirements regarding, for example, financial instruments (MiFID II), data protection (GDPR), payment services (PSD2) and anti-money laundering. (Danske Bank, annual report, 2017) More than 3,500 people are now employed globally to work on compliance and the cost of the Compliance function has approximately doubled since 2010 to more than US$500 million. (HSBC, annual report, 2012)

		Underlying costs increased in 2020 due to intense efforts to better protect the bank against money laundering and other financial crime……In 2021 and 2022, underlying costs will continue to rise……partly because we continue to invest in combatting financial crime……there are costs for money laundering-related investigations, which are hard to estimate, but our hope is that they will not exceed SEK 500m per year in 2021 and 2022. (Swedbank, annual report, 2020)
	aim to create long term value to both stakeholders and society	We are committed to acting with integrity and responsibility – and that we are determined to create long-term value for all stakeholders. (Danske Bank, annual report, 2018) We must prove to a skeptical world that we really are Here for good. This is about doing the right thing and being there for the long term. It is about recognising that we have an important role to play in the economy and broader society. (SCB, annual report,2012) We are living our Here for good promise and continue to stand behind the communities we operate in, not just giving back but also in building a better tomorrow for the next generations. (SCB, annual report,2012)
	invest significantly in improving control system and prevent this from happening again	It is essential for us to get full insight into the matter and use this to prevent something similar from happening in the future. (Danske Bank, annual report, 2017) We remain fully committed to taking all necessary steps to understand what led to the failures and to make all the changes needed, however big or small they may be, to prevent something similar from happening again. (Danske Bank, annual report, 2018) The Group has made significant enhancements

		in its global sanctions and anti-money laundering systems and procedures. (SCB, annual report, 2012) We are adopting global standards as part of our effort to raise our practices to an industry-leading level. This is part of our wholehearted commitment to protect the integrity of the organization and the financial system, and to do our part to fight financial crime. (HSBC, annual report, 2012)
Disassociation	distance the group from misbehaving employees and branches	HSBC was badly let down by a few individuals whose actions do not reflect the vast majority of employees who uphold the values and standards expected of the bank. (HSBC, annual report, 2014) Since we know too well that the bad practice of a few can stain our reputation we were, and are, determined to take the appropriate measures to protect and enhance our reputation. (HSBC, interim report, 2012) These violations include the actions of two former junior employees who were aware of certain customers' Iranian connections and conspired with them to break the law, deceive the Group and violate its policies. Such behavior is wholly unacceptable to the Group. (SCB, press release, 2012)
Selectivity	Selectively quote third-party report and present key figures	This strategy required comparison between several materials, thus it is difficult to giving example here. Please find examples in empirical analysis session.
Self-promotion	Emphasize the risk related to money laundering scandals are manageable,	So far, we have not seen a significant customer outflow, but there is a lot of negative attention. That is why we reach out to our customers, retail and business alike. The feedback from these meetings has been positive. (Danske Bank, conference call, 2018 Q3)

	there is still financial growth after scandals	Just to say, the situation, we have right now, has no impact on our strategies in Sweden and Norway. We are continuing to take market share and be the price leader on certain products to make sure we grow in the market. So that will not be changed going forward. (Danske Bank, conference call, 2018 Q3) The outflow of retail customers is very much concentrated in the Danish part of the business, whereas we saw stable trends and increasing business volumes in the other Nordic countries. (Danske Bank, conference call, 2018) The transaction demonstrated that despite the Estonia case, Danske Bank retains good market access. (Danske Bank, annual report,2018) On a generic comment, I will say that we are not impacted on the day-to-day operations due to the Estonia case. We can see that we have good customer inflow in all markets, in all segments. (Danske Bank, conference call,2018 Q1) We remained among the highest dividend payers in the FTSE 100, a performance which we know is of great importance to our shareholders. (HSBC, annual report, 2012) The Committee also noted that income and profits from the matters that were the subject of the settlements were immaterial, and therefore did not inflate any prior bonus payout in any material manner. (SCB, annual report, 2012)
Enhancement	Accentuate contributions to society	For more than 145 years, Danske Bank has created opportunities and helped individuals and businesses in the Nordic countries realise their ambitions. Enabling businesses to finance new ventures and providing opportunities for

		individuals to buy a home of their own or save for retirement are examples of how we help our customers achieve their ambitions, whilst also creating wealth and prosperity for society as a whole. (Danske Bank, annual report, 2018) Banking underpins most aspects of society by creating funding and investment opportunities and by powering the economy and the wheels and gears of everyday life. (Danske Bank, annual report, 2018)
	Accentuate contributions/investments in combating financial crime	HSBC is safer today from the threat of financial crime because of the investments we have been making in our Global Standards programme. (HSBC, Annual report, 2016) During 2017, HSBC continued to increase its efforts to assist with keeping financial crime out of the financial system. We completed the roll-out of compliance systems to support our anti-money laundering and sanctions policies, having invested $1bn in new and upgraded IT systems since 2015. （HSBC, Annual report, 2017）
	Accentuate contributions to society	For more than 145 years, Danske Bank has created opportunities and helped individuals and businesses in the Nordic countries realise their ambitions. Enabling businesses to finance new ventures and providing opportunities for individuals to buy a home of their own or save for retirement are examples of how we help our customers achieve their ambitions, whilst also creating wealth and prosperity for society as a whole. (Danske Bank, annual report, 2018) Banking underpins most aspects of society by creating funding and investment opportunities and by powering the economy and the wheels and gears of everyday life. (Danske Bank, annual report, 2018)

Apologies	Apologize for failures or deficiencies	We deeply regret that a number of weaknesses in regulatory compliance were highlighted in 2010. (HSBC, annual report, 2010) We offer our sincere apologies for our failures and the implications the case has had. (Dansk Bank, 2018) We have apologised unreservedly to all our stakeholders and have paid huge penalties both in monetary cost and reputational damage. (HSBC, annual report, 2012) It is right that we be held accountable and I apologise for our past shortcomings. We are profoundly sorry for our mistakes, and are committed to putting them right. (HSBC, interim report, 2012) HSBC has made mistakes in the past, and for them I am very sorry. Candidly, in particular areas we fell short of the standards that I, my colleagues, our regulators, customers and investors expect. (HSBC, interim Report, 2012)
External attribution	Attribute responsibility to individuals or organizations	The Group believes that the interpretation reflected in the DFS' order, of the U-Turn exemption — a federal regulation administered and enforced by federal authorities — is incorrect as a matter of law. The Group was therefore surprised to receive the order from the DFS, given that discussions with the agencies were ongoing. We intend to discuss these matters with the DFS and to contest their position (SCB, press release, 2012).

9. Appendix B

In this part, we will present the materials that we analyzed in the following table.

Table 9. Materials for analysis

Firms	Resources	Time	No. of pages
Dansk Bank	Annual report	2017	204
		2018	248
		2019	256
		2020	256
		2021	236
	Conference call transcript	2017 Q1	11
		2017 interim	10
		2017 Q3	10
		2017	14
		2018 Q1	8
		2018 interim	12
		2018 Q3	11
		2018	12
		2019 Q1	10
		2019 interim	11
		2019 Q3	13
		2019	11
		2020 Q1	10
		2020 interim	11
		2020 Q3	10
		2020	12
		2021 Q1	10
		2021 interim	12
		2021 Q3	11
		2021	11
	Other resources (e.g., statements on order issued by authorities)	2017-2021	56
	Investigation report by third party	2018	87
Swedbank	Annual and sustainability report	2018	228
		2019	236
		2020	256
		2021	256

	Interim Report	2018 Q1	68
		2018 Q2	68
		2018 Q3	68
		2018	70
		2019 Q1	60
		2019 Q2	62
		2019 Q3	63
		2019	68
		2020 Q1	61
		2020 Q2	62
		2020 Q3	63
		2020	66
		2021 Q1	61
		2021 Q2	59
		2021 Q3	59
		2021	58
	Swedbank comments on Clifford Chance report	2020	3
	Swedbank respects the Financial Supervisory Authorities' decision	2020	2
	Transcription for telephone conference	2018 Q1	16
		2018 Q2	10
		2018 Q3	12
		2018 Q4	12
		2019 Q1	13
		2019 Q2	13
		2019 Q3	12
		2019 Q4	15
		2020 Q1	16
		2020 Q2	20
		2020 Q3	14
		2020 Q4	13
		2021 Q1	20
		2021 Q2	20
		2021 Q3	21
		2021 Q4	21
	Clifford Chance Report	2020	218

	Finansinspektionen's Notification	2020	93
Standard Charted Bank	Annual report	2012	300
		2013	344
		2014	340
		2015	360
		2016	328
		2017	344
		2018	396
		2019	420
		2020	456
		2021	472
	Conference call transcript	2021	26
	Order of Assessment of a Civil Money Penalty	2012	43
	US Department of Justice report	2012	2
	US Department of Justice report	2019	2
	Press Release	2012	12
		2014	10
		2019	7
HSBC	Annual report and accounts	2010	396
		2011	440
		2012	546
		2013	598
		2014	488
		2015	502
		2016	286
		2017	274
		2018	322
		2019	334
		2020	382
		2021	410
	Interim Report	2010	264
		2011	248
		2012	294
		2013	296

		2014	300
		2015	162
		2016	160
		2017	120
		2018	126
		2019	124
		2020	132
		2021	138
	Environment, social and governance update	2017	51
		2018	42
		2019	52
	HSBC announce settlement with authorities	2012	3
	Restoring trust	2021	5
	Transcript for interim	2010	19
		2011	18
		2012	16
		2013	17
		2014	26
		2015	18
		2016	21
		2017	16
		2018	13
		2019	13
		2020	10
		2021	11
	US Department of Justice report	2012	88