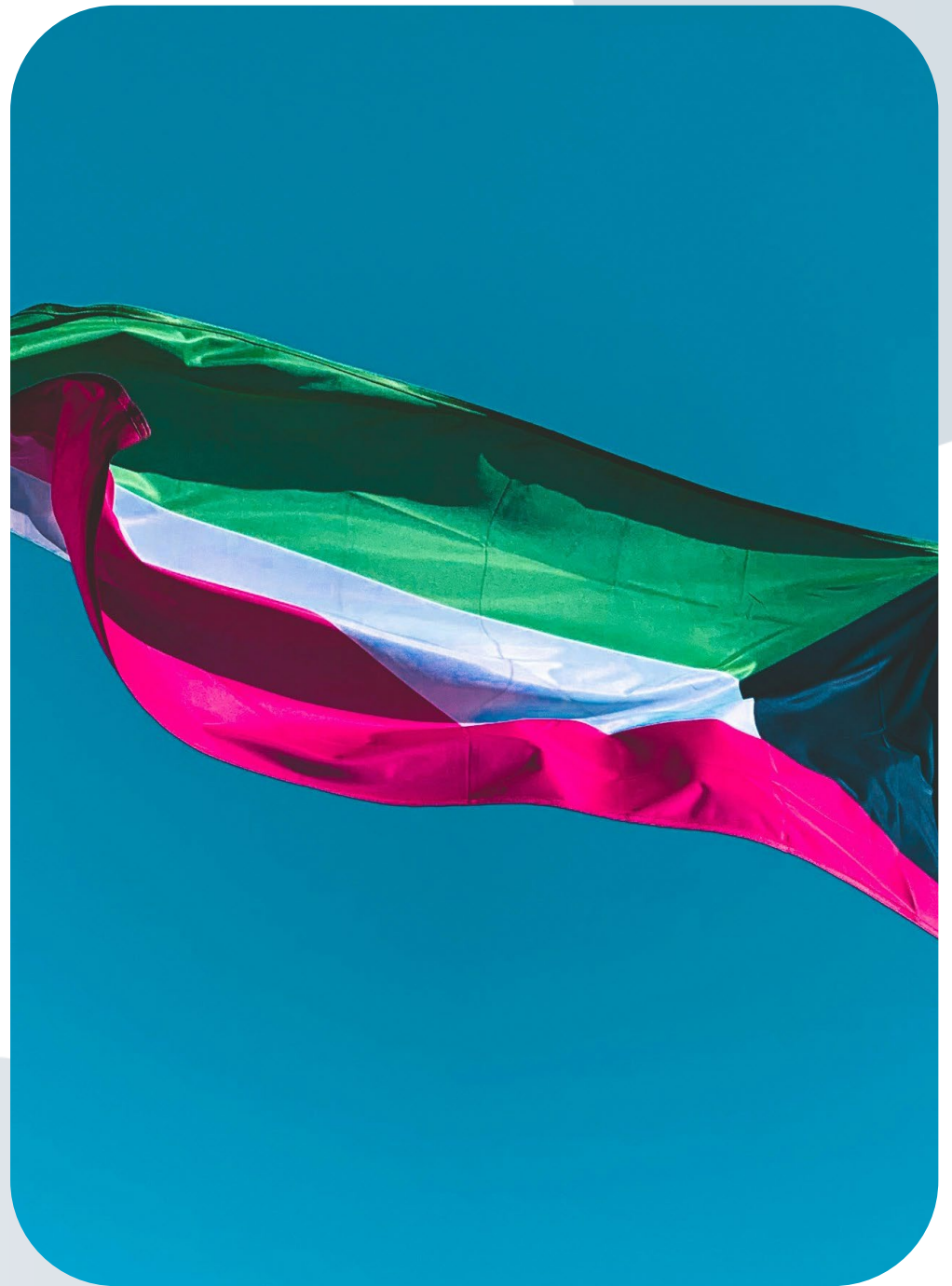




Kuwait

COUNTRY RISK BRIEFING – 2025





Country Overview

**Location:**

Country in the Middle East on the northern edge of the Arabian Peninsula at the head of the Persian Gulf, bordering Iraq to the north and Saudi Arabia to the south

**Capital:**

Kuwait City

**Currency:**

Kuwaiti Dinar (KWD)

**Population:**

Approx. 4.9 million (Central Statistics Bureau, 2024)

**GDP:**

US\$160 billion nominal GDP (World Bank, 2024)

**Major Economic Sectors:**

Oil and gas (over 90% of export revenue), finance, logistics, construction, defence, retail

**Natural Resources:**

Oil, gas, minerals

**Government:**

An autocratic political system, with a nominally elected parliament that frequently clashes with the royal government

Economy & Politics

Kuwait's economy is heavily reliant on oil. This dependence on hydrocarbons leaves the country vulnerable to oil price volatility and has led to calls for diversification, though progress has been limited. Kuwait boasts one of the world's largest sovereign wealth funds — the Kuwait Investment Authority — which helps stabilise public finances during downturns. While non-oil sectors such as construction, logistics, and banking are growing, state-owned enterprises and subsidy systems continue to dominate the economic landscape. The private sector remains underdeveloped, and employment is skewed heavily in favour of Kuwaiti nationals in government roles, while expatriates dominate the private sector.

Politically, Kuwait is unique in the Gulf for its relatively active and confrontational parliamentary system. While the Emir holds ultimate authority, Kuwait's elected National Assembly plays a significant role in legislation and scrutiny of government performance. Political tensions are common, particularly between the executive and parliament, often resulting in cabinet reshuffles and legislative deadlock. Though the country has not experienced widespread unrest like some of its neighbours, repeated political standoffs have delayed fiscal reform and major economic initiatives. Regional dynamics — including relations with Iran, Saudi Arabia, and ongoing tensions in Iraq — shape Kuwait's cautious but cooperative foreign policy.



Themis Expert View

WRITTEN BY:



Emily Hsu
Environmental and
Financial Crime Researcher

Kuwait presents a complex risk profile shaped by a combination of significant financial capacity, political gridlock, and limited institutional enforcement capacity. Its vast oil reserves and sovereign wealth provide strong macroeconomic stability and insulation from external financial shocks, yet Kuwait remains highly exposed to governance, corruption, and money laundering risks, particularly due to opaque state contracting, political patronage, and under-regulated financial flows.

The intersection of public sector dominance, limited transparency in procurement, and blurred boundaries between political elites and commercial actors poses challenges for financial crime risk management. Kuwait has taken legislative steps to align with international AML/CFT standards and is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF). However, enforcement of anti-corruption laws and regulatory supervision remains inconsistent. Designated Non-Financial Businesses and Professions (DNFBPs), such as lawyers and real estate agents, are still perceived as weak links in the AML chain.

Additionally, Kuwait’s financial system and charitable sector have been identified by international bodies as potential channels for terrorist financing, particularly during periods of regional instability. Though regulatory reforms have advanced, lingering gaps in beneficial ownership transparency, asset recovery, and politically exposed persons (PEPs) oversight continue to draw scrutiny.

While Kuwait’s strong financial system and legal commitments to AML standards are strengths, these are undermined by limited enforcement, an entrenched patronage system, and the risks associated with cross-border regional finance flows. Financial institutions operating in or engaging with Kuwaiti entities must apply enhanced due diligence, particularly in high-risk sectors such as public contracting, real estate, and charitable donations.

	TERRORIST FINANCING	
	SANCTIONS EVASION	
	DRUG & ARMS TRAFFICKING	
	CYBERCRIME	
	FRAUD	
	MODERN SLAVERY & HUMAN TRAFFICKING	
	ENVIRONMENTAL CRIME	
	FINANCIAL SECRECY	
	TAX CRIME	
	BRIBERY & CORRUPTION	
	MONEY LAUNDERING	

Regulatory Overview

Primary Anti-Financial Crime Regulators and Agencies:

- **Ministry of Interior:** Plays a crucial role in combating organised crime and terrorism, coordinating with other governmental and international agencies on AML/CFT and investigating financial crimes.
- **Ministry of Finance:** Oversees the implementation of AML/CFT policy and coordination at the national level.
- **Financial Intelligence Unit (Kuwait FIU):** Receives and analyses Suspicious Transaction Reports (STRs) and disseminates financial intelligence to law enforcement and regulators.
- **Central Bank of Kuwait (CBK):** Regulates and supervises banks and other financial institutions; issues AML/CFT circulars and ensures compliance through inspections.
- **Ministry of Commerce and Industry:** Responsible for licensing and supervising DNFBPs, including real estate firms, dealers in precious metals, and company service providers.
- **Public Anti-Corruption Authority (Nazaha):** Investigates public sector corruption and asset declarations by senior officials.
- **Capital Markets Authority (CMA):** Enforces AML/CFT regulations within the capital markets sector, conducts inspections, and issues guidelines to ensure that securities firms comply with AML/CFT obligations.

Primary Anti-Financial Crime Legislation:

- **Law No. 106 of 2013 on Anti Money Laundering and Combating the Financing of Terrorism:** Forms the backbone of Kuwait's AML/CFT regime. It criminalises money laundering and terrorist financing and provides mechanisms for asset freezing and confiscation.
- **Law No. 35 of 2002 on Combating Terrorism:** Addresses terrorism-related offenses, including the financing of terrorist activities.
- **Law No. 30 of 2021 on Counter Terrorism:** Strengthens Kuwait's legal framework on terrorism financing, enhancing penalties and introducing additional measures to combat the use of financial systems for terrorism-related activities.
- **Law No. 1 of 1993 on the Protection of Public Funds:** Addresses corruption, misuse of public resources, and embezzlement.
- **Law No. 24 of 2012 on the Establishment of Nazaha (Anti-Corruption Authority):** Mandates asset declarations and authorises corruption investigations.
- **Charity Oversight Law (2016):** Introduced to regulate Kuwait's charitable sector, which has been identified as vulnerable to misuse for terrorist financing.

Despite formal compliance in several areas, Kuwait continues to face challenges in supervising DNFBPs, conducting effective investigations, and achieving prosecutions or asset seizures in complex cases. Enhancing regulatory coordination, improving beneficial ownership transparency, and closing enforcement gaps remain key priorities.

Financial Action Task Force Assessment

Kuwait is a member of the MENAFATF and has undergone multiple evaluations to assess its compliance with the FATF 40 Recommendations.

Kuwait underwent its most recent Mutual Evaluation by the MENAFATF in 2024, which found that the country has a basic understanding of the money laundering risks it faces at a national level and only a low understanding of its terrorist financing risk. The FATF noted that authorities need to refine their understanding of these risks, including by carrying out comprehensive risk assessments of the non-profit organisation (NPO) and virtual asset service provider (VASP) sectors and of the misuse of legal persons for money laundering. While the legal architecture exists, the practical enforcement of regulations remains inconsistent, particularly outside the formal banking sector.

Category	2024 FATF Mutual Evaluation
Overall Assessment	Kuwait has an adequate legal and supervisory framework to address illicit finance, but has serious shortcomings in delivering effective outcomes, including its understanding, investigation and prosecution of money laundering and terrorist financing.
Technical Compliance Ratings	Compliant: 9 Recommendations Largely Compliant: 20 Recommendations Partially Compliant: 9 Recommendations R. 8: Non-profit organisations R. 15: New technologies R. 17: Reliance on third parties R. 18: Internal controls and foreign branches and subsidiaries R. 19 Higher-risk countries R. 24: Transparency and BO of legal persons R. 26: Regulation and supervision of financial institutions R. 28: Regulations and supervision of DNFPBs R. 38: Mutual legal assistance – freezing and confiscation Non-Compliant: 29 Recommendations R. 6: Targeted financial sanctions – terrorism and terrorist financing R. 7: Targeted financial sanctions – proliferation
Key Risks Identified	– Money laundering of proceeds from forgery, fraud and embezzlements, usury and corruption and bribery – Bank and securities sector – Exchange companies’ sector – Real estate – Dealers in gold, precious metals and stones – Terrorist financing risks from terrorist groups operating outside the country
Strengths	– Solid institutional framework for coordinating national ML/TF policies and strategies – Use of and access to financial intelligence from FIUs and FIs – Resourcing for law enforcement agencies tackling ML – Prosecution of ML related to corruption, fraud and forgery – Use of parallel financial investigations
Areas for Improvement	– Assessment and understanding of TF risks – Understanding of cross border threats, NPOs, VASPs, and different types of legal persons and arrangements – Paper-based system for receiving STRs and the internal approval process for disseminating information to law enforcement agencies – Prosecuting crimes like drug and human trafficking – Legal liability of legal persons – TF risk assessment of the NPO sector

Financial Crime Risk Matrix

Crime Type	Risk Level*	Key Indices	Key High-Risk Sectors	Cross-Border Nexus
Terrorist Financing	Medium	Global Terrorism Index (GTI) 2024 see here* Overall Score: 0 / 10 (Ranked 100th of 163 countries) <i>*The GTI scores each country on a scale from 0 to 10; where 0 represents no impact from terrorism and 10 represents the highest measurable impact of terrorism.</i> While Kuwait has a low risk of internal terrorist attacks, the MENAFATF has noted it is exposed to terrorist financing risks and is underprepared to address them.	Charities, Non-Profit Organisations	Cross-border money movement via informal channels
Sanctions Evasion	Medium	Kuwait's geographic proximity and financial connections to Iran, Iraq, and Syria pose risks of indirect sanctions evasion.	Trade, Transportation & Logistics	Risks from foreign sanctioned entities from Iran, Iraq and Syria
Drug & Weapons Trafficking	Medium	Global Organized Crime Index 2023 see here* Heroin Trade: 5 / 10 Cocaine Trade: 4.5 / 10 Cannabis Trade: 6.5 / 10 Synthetic Drug Trade: 7 / 10 Arms trafficking: 6 / 10 <i>*Global Crime Index Score is on a 0-10 scale, with 0 being non-existent crime to 10 being severe influence.</i>	Transportation & Logistics	Small-scale trafficking across land borders and maritime routes, notably low-volume drugs from Syria and Iran

Crime Type	Risk Level*	Key Indices	Key High-Risk Sectors	Cross-Border Nexus
Cybercrime	Medium-High	National Cyber Security Index see here* 37.5/100 (Ranked 71) <i>*Index measures the preparedness of countries to prevent cyber threats, with 100 representing the highest level of cybersecurity readiness</i> Global Organized Crime Index 2023 see here* Cyber-Dependent Crimes: 6.5 / 10 <i>*Global Crime Index Score is on a 0-10 scale, with 0 being non-existent crime to 10 being severe influence.</i>	Banking, Telecommunications, Infrastructure	Routinely involves cross-border actors
Modern Slavery & Human Trafficking	Medium-High	Global Organized Crime Index 2023 see here* Human Trafficking: 8 / 10 Human Smuggling: 6.5 / 10 <i>*Global Crime Index Score is on a 0-10 scale, with 0 being non-existent crime to 10 being severe influence.</i> US State Department's 2024 Trafficking in Persons Report Tier 2 see here Tier 2: The Government of Kuwait does not fully meet the minimum standards for the elimination of trafficking but is making significant efforts to do so.	Domestic Work, Construction	Migrant workers from South Asia and East Africa
Fraud	Medium-High	According to the Global Organized Crime Index, fraud is pervasive in Kuwait, often in concert with corruption and bribery.	Government Contracting, Public Procurement, Banking	International fraudsters operating in cross-border schemes may be involved
Environmental Crime	Medium-High	Global Organized Crime Index 2023 see here* Flora Crimes: 5.5 / 10 Fauna Crimes: 6 / 10 Non-Renewable Resource Crimes: 6 / 10 <i>*Global Crime Index Score is on a 0-10 scale, with 0 being non-existent crime to 10 being severe influence.</i>	Infrastructure, Construction, Oil and Gas	Key transit and destination point for illegal wildlife from Africa. Oil smuggling from neighbouring countries

Crime Type	Risk Level*	Key Indices	Key High-Risk Sectors	Cross-Border Nexus
Bribery & Corruption	High	Transparency International Corruption Perceptions Index 2024 see here* 46/100 (Ranked 65th of 180 countries) <i>*Transparency International Corruption Perceptions Index score is the perceived level of public corruption, where 0 means highly corrupt and 100 means very clean.</i> Trace 2024 Bribery Risk Matrix see here* 49/100 (Ranked 94 of 194 countries) <i>*Trace measures business bribery risk with a lower score indicating a lower bribery risk, while a higher score indicating a higher bribery risk.</i> Global Organized Crime Index 2023 see here* Government Transparency and Accountability: 4.5 / 10 State-Embedded Criminality: 6 / 10 Private Sector Criminality: 6.5 / 10 <i>*Global Crime Index Score is on a 0-10 scale, with 0 being non-existent crime to 10 being severe influence.</i>	Public Sector, Defense, Oil, Infrastructure	International financial networks and offshore havens
Financial Secrecy	High	Financial Secrecy Index 2025 see here* 71/100 (Ranked 47 of 141 countries) <i>*Secrecy index measures the level of financial secrecy, with 0 meaning no secrecy and 100 meaning maximum secrecy.</i>	Corporate Services, Trust Providers	Multinational entities and foreign investors
Money Laundering	High	Basel AML Index 2024 see here* 6.27 / 10 (Ranked 37th of 152 countries) <i>*Basel AML Score is on a 0-10 scale, with 10 representing the maximum risk.</i> Global Organized Crime Index 2023 see here* Financial Crime: 7 / 10 AML Resilience: 5.5 / 10 <i>*Global Organized Crime Index Score is on a 0-10 scale, with 0 denoting non-existent crime and 10 severe influence.</i>	Real estate, Trade Financing, Retail and Service Sectors, Banking	Transactional relationships with regional financial centres

* Methodology: Each financial crime risk rating is derived from a combination of globally recognised indices and supplementary risk factors. Each index score is normalised and translated into a Red-Amber-Green (RAG) rating. Specifically, jurisdictions or entities are grouped based on their position within the distribution of index values, with the top, middle, and bottom third of scores per index corresponding respectively to Green, Amber, and Red (e.g. a 5/10 rating in one index would be equivalent to a 12/24 rating in another). Additional risk factors — such as enforcement actions, FATF evaluations, and our own Themis internal intelligence — also influence the final RAG classification through an overlay and adjustment process.

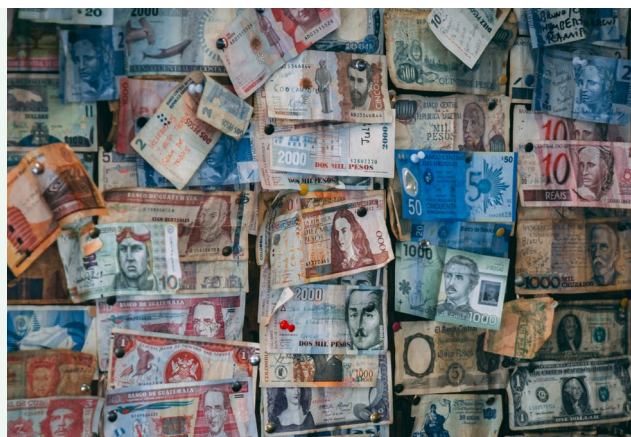
Areas of Financial Crime Vulnerability

- **Charitable and Non-Profit Organisations:** Kuwait has a long-standing tradition of charitable giving, but the sector has historically lacked oversight. Several Kuwaiti-based charities have previously been linked to terrorist financing concerns, prompting international scrutiny. While new regulations were introduced in 2016 to improve governance and transparency, enforcement remains inconsistent.
- **Beneficial Ownership and Corporate Transparency:** Kuwait lacks a central public beneficial ownership register, and opaque corporate structures — especially those used in holding companies and offshore arrangements — can mask the true ownership of assets and entities. This is particularly relevant in the context of state-linked business interests and PEP exposure.
- **Use of Informal and Cash-Based Channels:** The prevalence of cash transactions, particularly in retail, real estate, and charitable donations, creates vulnerabilities for money laundering and unreported capital flows. Informal remittance networks (e.g., hawala) also operate with limited regulatory visibility.
- **Real Estate and Luxury Asset Sectors:** The use of real estate, precious metals, and high-end vehicles as stores of value and vehicles for laundering proceeds has been observed in Kuwait. Oversight of these sectors, particularly when linked to foreign nationals or shell companies, remains weak.
- **Public Procurement and Political Patronage:** Kuwait's economy is heavily state-driven, with major infrastructure and energy projects awarded through government contracts. Political patronage, opaque tendering processes, and weak audit mechanisms contribute to corruption and procurement fraud risks.
- **Cross-Border Exposure to High-Risk Jurisdictions:** Kuwait's geographic and financial linkages to Iran, Syria, and Iraq increase exposure to sanctions evasion, terrorist financing, and illicit capital flows — particularly through trade-based money laundering and the misuse of logistics corridors.

Financial Crime Risk In-Depth

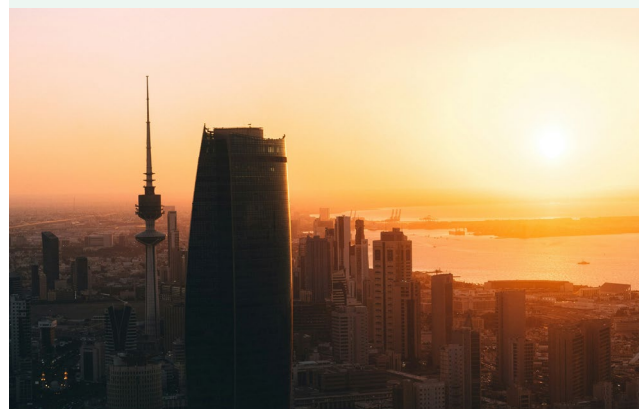
01 Money Laundering: High Risk

Its strategic location, cash-based economy, and underdeveloped enforcement environment render Kuwait high risk for money laundering. While the legal framework criminalising money laundering is in place, low conviction rates, limited asset recovery, and weak oversight of non-bank sectors undermine effectiveness. Predicate offences include corruption, fraud, and smuggling, with real estate and trade finance commonly used for integration and layering. The concentration of wealth in key family networks and business groups creates additional opacity, while the prevalence of cash transactions in retail and service sectors facilitates placement activities. Cross-border banking relationships with regional financial centres further complicate transaction monitoring.



02 Bribery & Corruption: High Risk

Kuwait has faced persistent concerns over political corruption, nepotism, and procurement fraud. High-profile investigations have uncovered misuse of public funds, but enforcement remains highly politicised. Public contracts, land allocation, and subsidy schemes are frequent vehicles for corrupt enrichment. The Anti-Corruption Authority (Nazaha) has legal powers but struggles with limited independence and low conviction rates. Parliamentary immunity provisions and complex judicial procedures often delay or prevent successful prosecutions. The intersection of business and political interests, particularly in the oil sector and infrastructure development, creates systemic vulnerabilities that are difficult to address through legislation alone.



03 Terrorist Financing: Medium Risk

Kuwaiti authorities have faced repeated international pressure to address terrorist financing risks — particularly through the charitable and NPO sectors, which were historically used to channel funds to extremist groups in Syria and Iraq. Regulatory reforms and FATF-aligned guidelines have improved governance, but due diligence, monitoring, and sanctions enforcement remain uneven. Informal remittance systems and cash donations present ongoing challenges. The country's cultural tradition of charitable giving, while legitimate, creates additional complexity in distinguishing between genuine humanitarian aid and illicit financing. Social media fundraising campaigns and cryptocurrency transactions have emerged as new channels of concern, requiring enhanced technological surveillance capabilities.



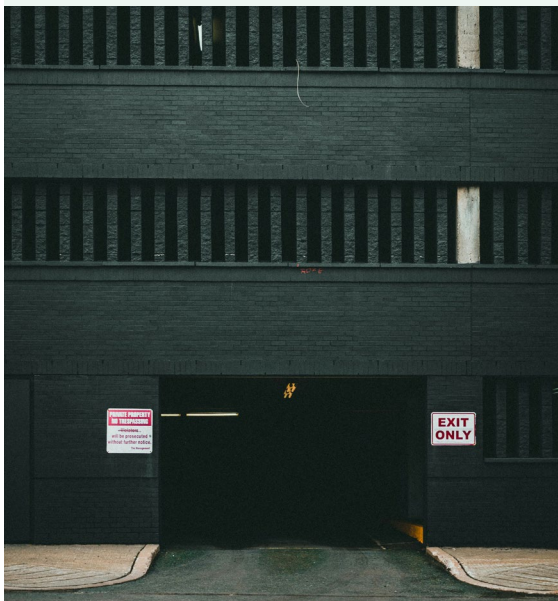
04 Sanctions Evasion: Medium Risk

Kuwait's geographic proximity and financial connections to Iran, Iraq, and Syria pose risks of indirect sanctions evasion — particularly via trade, logistics, and financial intermediaries. While the government formally implements UN Security Council sanctions, proactive enforcement is weak, and dual-use goods monitoring is limited. The country's role as a regional commercial hub increases exposure to sanctions-evading transactions disguised as legitimate trade. Complex supply chains and transshipment activities through Kuwait's ports create opportunities for sanctions circumvention, while limited real-time transaction monitoring systems hamper detection of suspicious financial flows.



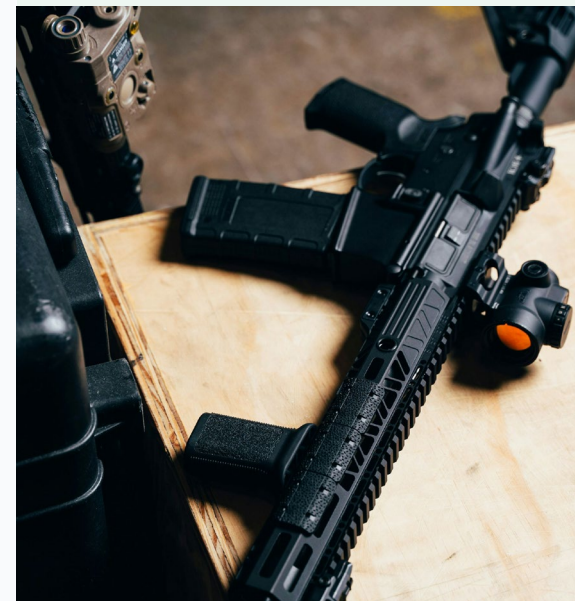
06 Fraud: Medium-High Risk

Fraud is an increasing concern, particularly in government contracting, social benefit programmes, and public procurement. There is also a growing threat from digital payment and investment scams, particularly as financial technology adoption increases. Weak consumer protection laws and a lack of specialist investigative capacity limit institutional response. Insurance fraud and document falsification have become more sophisticated, exploiting gaps in verification systems. The rapid expansion of e-commerce platforms and online banking services has created new attack vectors for fraudsters, while cross-border nature of many schemes complicates jurisdiction and enforcement efforts.



05 Drug & Arms Trafficking: Medium Risk

Heroin and cocaine maintain a low profile in Kuwait, though a small local market is present, with most trafficking occurring across the al-Abdali border from Iraq and occasionally involving taxi drivers, postal parcels, or air smuggling methods; these operations are frequently managed by foreign actors. Kuwait primarily serves as a destination for cannabis and synthetic drugs, which traffickers—domestic and foreign—bring in via land borders and seaports. Synthetic cannabinoids like Spice are most prevalent, with significant seizures of substances such as Captagon, methamphetamine, tramadol, and Lyrica pills, usually trafficked in through air cargo, reflecting an active synthetic drug market in the country. Kuwait's small size enables efficient border control and strong law enforcement against arms smuggling, yet its defence and security sector remains vulnerable to corruption, especially in operations and procurement, due to a lack of public transparency. Although there have been instances of attempted arms trafficking, details about the extent and nature of these activities are limited.



07 Cybercrime: Medium-High Risk

Kuwait is experiencing a steady rise in cyber-enabled financial crime, including phishing, identity theft, and mobile payment fraud. Kuwait experiences a high number of email attacks, malware attacks and scam-related links, with millions of such incidents reported. Cybersecurity frameworks are developing, but gaps remain in law enforcement expertise, information sharing, and private sector reporting. Critical sectors such as banking and telecoms are at elevated risk. The increasing digitisation of government services and the rollout of national digital identity systems create attractive targets for cybercriminals. Ransomware attacks on infrastructure and data breaches affecting personal information have become more frequent, while the lack of comprehensive cyber incident reporting requirements limits visibility into the full scope of threats.

08 Modern Slavery & Human Trafficking: Medium-High Risk

Kuwait relies heavily on migrant labour, particularly from South Asia and East Africa, which creates vulnerabilities to exploitation, forced labour, and contract substitution. The kafala (sponsorship) system limits migrant worker rights and facilitates trafficking. While Kuwait has enacted anti-trafficking legislation and conducts enforcement campaigns, structural risks remain high, particularly in domestic work and construction. Debt bondage through recruitment fees and document confiscation practices persist despite regulatory efforts. The large population of undocumented workers and limited labour inspection capacity create enforcement gaps, while victim identification and protection services remain underdeveloped compared to regional standards.

09 Tax Crime & Financial Secrecy: High Risk

As a no-income-tax jurisdiction, Kuwait is not a traditional tax haven, but its lack of transparency, absence of personal income tax, and use of offshore structures may facilitate tax evasion and aggressive tax avoidance schemes. There is no central register of beneficial ownership alongside a limited information exchange with foreign tax authorities. The prevalence of family-controlled business groups and complex corporate structures creates opacity in ownership arrangements. Limited automatic exchange of information protocols and weak due diligence requirements for foreign investors create opportunities for illicit financial flows and profit shifting by multinational entities.

10 Environmental Crime: Medium-High Risk

Kuwait is a notable transit and destination country for the illegal wildlife trade. Rhino horn, ivory and pangolins are traded primarily to supply Asian markets, and live rare species, notably cheetah cubs, are highly sought after in Kuwait as exotic pets which act as status symbols. Unregulated waste dumping, construction sector violations, and marine pollution are also reported, particularly in areas with large-scale infrastructure projects. Enforcement of environmental regulations remains limited. The country's extensive oil infrastructure also creates risks of environmental violations through improper disposal of industrial waste and contaminated materials. Furthermore, the boost in prices in neighbouring countries has increased the smuggling of oil derivatives into the country.



Case Study

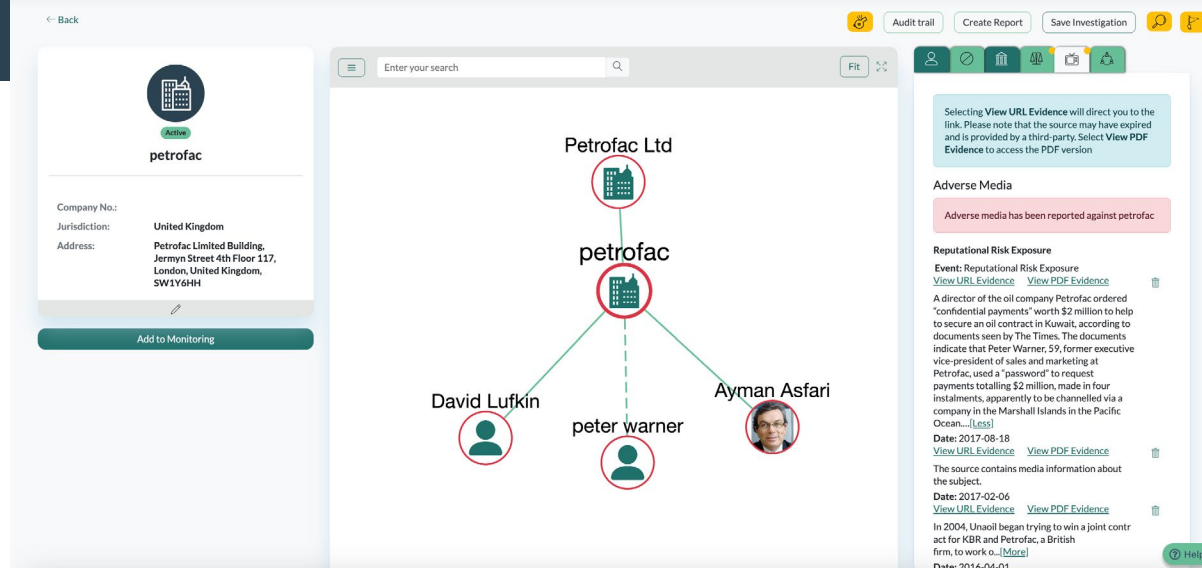
Kuwait Oil Corruption Case Study

In 2022, UK-based oil services company Petrofac Limited admitted to paying £32 million (US\$44 million) in bribes to corrupt the awarding of contracts worth approximately £2.6 billion (US\$3.5 billion) across multiple jurisdictions, including Kuwait. The payments were made through a Monaco-based intermediary company Unaoil, which functioned as a conduit to bribe government officials in Kuwait and other countries to secure lucrative oil contracts. Peter Warner, Petrofac's former executive vice president of sales and marketing, allegedly authorised US\$2 million in "confidential payments" to Unaoil specifically to help win a contract in Kuwait. The corruption scheme involved Warner allegedly playing an active role in managing corrupt bribe payments to officials in Kazakhstan, Kuwait and Iraq between 2012 and 2015. Furthermore, Petrofac was headed by Ayman Asfari at the time, who has donated almost £800,000 to the Conservative party in a personal capacity. Documents have since emerged that Conservative politicians David Cameron and Theresa May both lobbied the Bahraini royal family to give Petrofac a contract. The case emerged following a leaked cache of Unaoil internal company emails dating from 2001, which exposed extensive corruption and bribery in the oil industry and prompted investigations by both the UK's Serious Fraud Office (SFO) and the US Department of Justice.

Why This Case Matters: This case highlights the endemic corruption risks within the Middle Eastern oil and gas sector, particularly in jurisdictions like Kuwait, where state-controlled resources and complex procurement processes create opportunities for corrupt enrichment. The energy sector's vulnerability to bribery is magnified in regions where regulatory frameworks are developing and government officials have significant discretionary power over contract awards. The case demonstrates how multinational corporations operating in high-risk jurisdictions face systemic exposure to corruption, especially when relying on local intermediaries to navigate complex business environments. Kuwait's strategic importance as an oil producer and its position as a regional business hub make it a critical jurisdiction for understanding corruption risks in the energy sector.

KEY TAKEAWAYS:

- **Financial and Reputational Consequences:** Petrofac was ordered to pay a £22m confiscation order, a fine of £47 million, and the SFO's costs of £7 million, demonstrating the severe financial penalties that can result from inadequate anti-corruption controls, while the reputational damage and ongoing legal scrutiny continue to impact the company's operations and market position.
- **Intermediary-Enabled Corruption:** The Petrofac case exemplifies how intermediary companies like Unaoil can facilitate systematic bribery schemes by creating layers of separation between multinational corporations and corrupt payments to government officials. This highlights the critical importance of comprehensive due diligence on third-party agents and ongoing monitoring of their activities.
- **Senior Executive Accountability:** The involvement of a senior executive vice president demonstrates that corruption liability extends to the highest levels of corporate leadership, emphasising the need for robust governance structures and clear accountability mechanisms at the C-suite level.
- **Cross-Border Enforcement Coordination:** The parallel investigations by the UK SFO and US DOJ illustrate how modern corruption cases often involve multiple jurisdictions and require international cooperation between law enforcement agencies, making compliance programs increasingly complex for global energy companies.
- **Systemic Sector Risk:** The case forms part of a broader pattern of corruption within the oil industry, implicating dozens of leading companies, bureaucrats, and politicians in a sophisticated global web of bribery and graft, suggesting that corruption risks in the energy sector are structural rather than isolated incidents.



Case Study

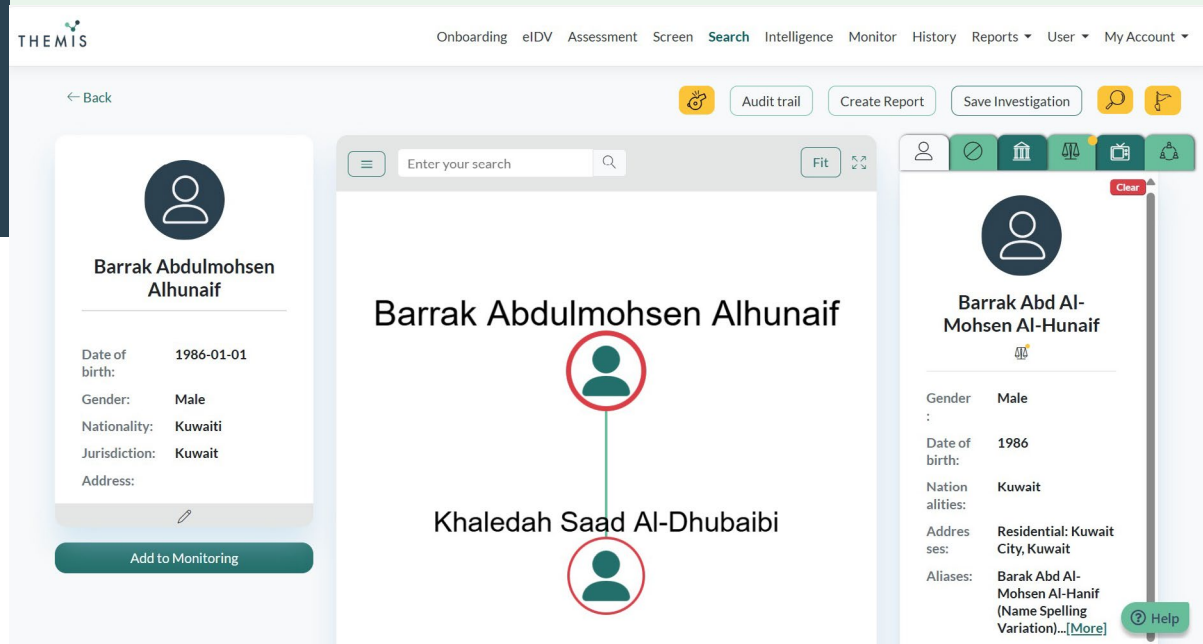
Kuwait Modern Slavery and Human Trafficking

In October 2022, Barrak Abdulmohsen Alhunaif, Kuwait's Permanent Representative to the United Nations, and his wife, Khaledah Saad Aldhubaibi, were charged in Manhattan federal court with forced labour, visa fraud, fraud in foreign labour contracting, and conspiracy charges in connection with their hiring and subsequent abuse of three domestic workers from India and the Philippines. The indictment alleged that between 2014 and 2021, the couple exploited their diplomatic status to traffic domestic workers into the United States under false pretences, confiscating their passports, forcing them to work excessive hours without proper compensation, and subjecting them to physical and emotional abuse. The workers were allegedly promised legitimate employment with fair wages but instead were forced to work up to 18 hours per day, seven days a week, while being paid far below minimum wage and denied basic freedoms. The case highlighted how diplomatic immunity can be exploited to facilitate human trafficking operations, as the couple used their diplomatic status to circumvent normal visa procedures and avoid detection by law enforcement authorities.

Why This Case Matters: This case exemplifies the systemic vulnerabilities within Kuwait's kafala sponsorship system and demonstrates how these structural issues extend beyond national borders through diplomatic networks. The involvement of high-ranking Kuwaiti officials underscores the institutional nature of trafficking risks and the challenges of addressing modern slavery when it involves individuals with significant political and social status. The case reflects broader patterns of exploitation affecting Kuwait's estimated 600,000 domestic workers, predominantly women from South Asia and Africa, who face similar conditions of forced labour, document confiscation, and restricted movement.

KEY TAKEAWAYS:

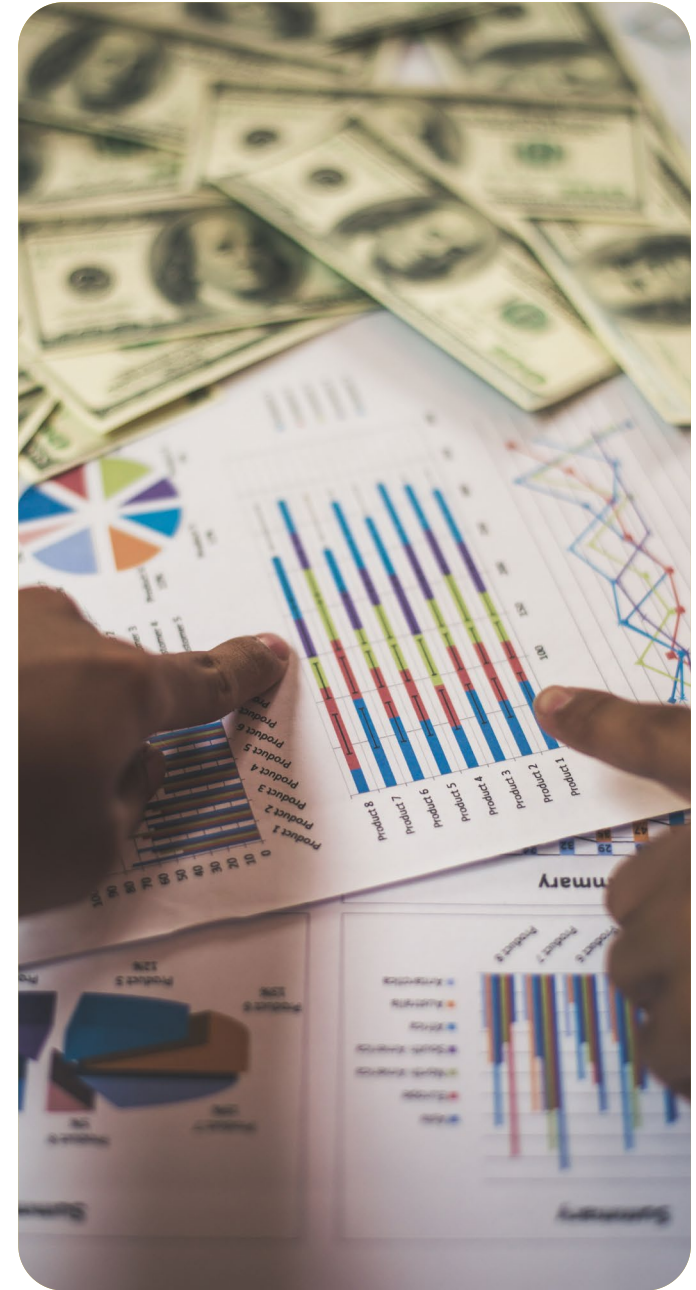
- **Diplomatic Exploitation:** The case reveals how diplomatic immunity and official status can be weaponised to facilitate transnational trafficking operations, creating jurisdictional challenges and highlighting the need for enhanced international cooperation in combating trafficking by diplomats and government officials.
- **Kafala System Vulnerabilities:** The structural elements of Kuwait's kafala system—including employer control over workers' legal status, passport confiscation practices, and limited worker mobility—create systemic conditions that facilitate trafficking, demonstrating how legal frameworks can inadvertently enable exploitation.
- **Cross-Border Enforcement Gaps:** Despite the charges being filed in the US, both defendants remained at large, illustrating the challenges of prosecuting trafficking cases involving diplomatic personnel and the limitations of international legal cooperation when diplomatic immunity is involved.
- **Domestic Worker Targeting:** The exclusive targeting of female domestic workers from South Asia and the Philippines reflects broader patterns of gender-based and nationality-based discrimination in trafficking operations, where specific demographic groups are systematically exploited based on perceived vulnerability and limited legal protections.
- **Documentation and Visa Fraud:** The charges of visa fraud and fraud in foreign labour contracting demonstrate how trafficking operations often involve extensive document fraud and misrepresentation, requiring enhanced due diligence and verification procedures by both sending and receiving countries.



Key Financial Crime Watchpoints

The following watchpoints highlight common financial crime risk indicators to lookout for as regards clients, partners, suppliers, and broader business transactions and relationships. They are designed to support client risk assessments, enhanced due diligence and transaction monitoring by identifying patterns frequently associated with financial crime in Kuwait.

- **Cash-Heavy Business Operations:** Be alert to businesses operating predominantly in cash or showing disproportionate cash holdings. Kuwait's cash-based economy creates money laundering vulnerabilities, particularly in retail and service sectors.
- **Real Estate Investment Patterns:** Scrutinise rapid property acquisitions by shell companies, luxury purchases without clear income sources, or transactions significantly above market value. Kuwait's real estate sector is commonly used for money laundering.
- **Government Contract-Related Activity:** Flag unusual financial activity around public procurement, particularly in oil and infrastructure sectors. Watch for unexplained wealth increases following contract awards and payments to unexplained intermediaries.
- **Cross-Border Trade Finance Anomalies:** Be cautious of trade with Iran, Iraq, and Syria involving unusual routing, over/under-invoicing, or dual-use goods. These may indicate sanctions evasion or illicit trade financing.
- **Charitable and NPO Transactions:** Monitor large donations to charities with limited transparency or connections to conflict regions. Be cautious of cash donations and overseas transfers without clear humanitarian purposes.



How Themis Can Help

Financial crime has evolved faster than traditional systems. Themis delivers a new AI-powered, end-to-end platform purposebuilt to help businesses detect, prevent, and respond to threats in real time. A modular solution that fuses advanced analytics, automation, and proprietary intelligence to tackle risk at scale and fast. As financial crime becomes more complex, Themis delivers clarity, speed, and impact. This isn't an evolution. It's the platform the future demands — powered by data, powered by Themis.

Themis aims to be a leader in applying AI-led solutions to the problems of financial crime, and we are uniquely placed to do so. With strong working relationships with governments and businesses of many shapes and sizes, our software is developed with the needs of the whole financial crime compliance ecosystem in mind. By combining a focus on innovative technology with

leading human intelligence and insight, Themis is capable of not only meeting those needs as they currently are but also anticipating them as they evolve in an uncertain future.

Our Reports and Services

Enjoyed this briefing? Keen for a more detailed analysis that's specific to your business? We deliver longer, bespoke reports and executive briefings about specific countries or sectors. Whether you're investing in new markets, expanding your own footprint or ensuring your financial crime country risk assessments align with the Wolfsberg Group's principles, our Risk Intelligence team can help. We specialise in complex, strategic projects where financial crime risks are new, emerging, or poorly understood.

Get in touch to find out more.

Our Team of Experts



Nadia O'Shaughnessy

Head of Insight
nos@wearethemis.com



Olivia Dakeyne

Principal, Research
od@wearethemis.com



Eliza Thompson

Financial Crime Researcher
et@wearethemis.com



Henry Wyard

Senior Policy Analyst
hjw@wearethemis.com



Nikhil Gandesha

Global Financial Crime Training Lead
ng@wearethemis.com



Emily Hsu

Financial and Environmental Crime Researcher
eh@wearethemis.com



Discover Other Country Risk Briefings

Research-driven analysis that informs and inspires action to tackle financial crime

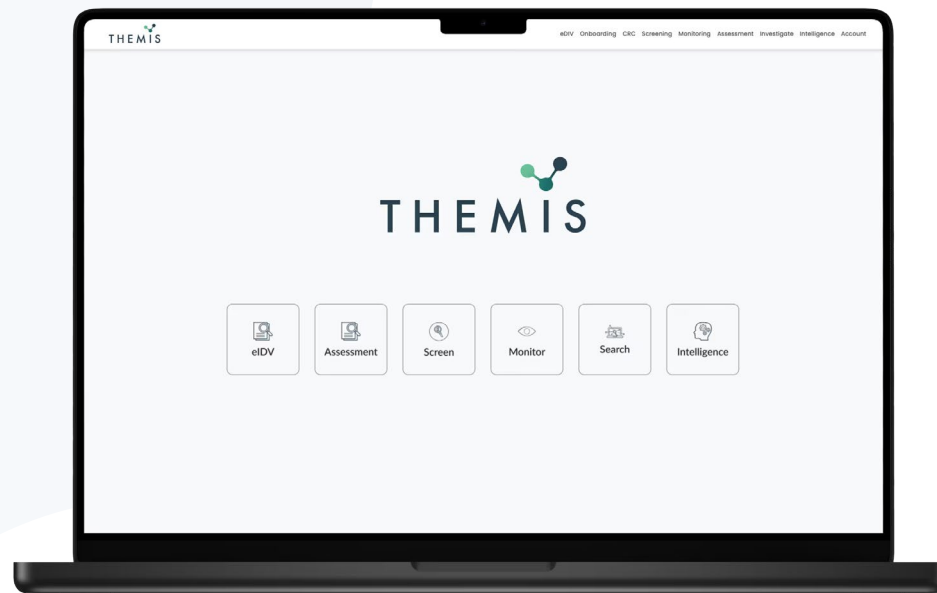
Discover all



UK: +44 (0) 20 8064 1724 | UAE: +971 (0) 58 526 8765

@ info@wearethemis.com

www.wearethemis.com



© Copyright 2025. Themis International Services Ltd. All rights reserved.

