

## Say no to facilitating payments

**It's common to turn a blind eye to special payments that facilitate administrative tasks or procedures. But Antonio Argandoña warns that their negative impact extends far beyond that of an isolated irregularity.**



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Speed money, grease payments and tea money are among the ways to describe those facilitating payments given to expedite procedures or services.

It is a form of petty corruption that is widespread and generally tolerated — and one that must be combated, says Professor [Antonio Argandoña](#), holder of the [CaixaBank Chair of Corporate Social Responsibility](#).

In his chapter in the book *The Handbook of Business and Corruption: Cross-Sectoral Experiences* (Emerald, 2017), Argandoña analyzes the causes and effects of these types of payments and identifies milestones in the fight against them.

## **No Matter How It's Disguised, It's Still Corruption**

Facilitating payments are often considered "unavoidable, inconsequential, inexpensive and even beneficial, insofar as they facilitate necessary procedures or services," Argandoña explains. And they are distinct from other types of potentially suspicious payments given to maintain a business-friendly climate (such as gifts or favors), as they are from bribes, hefty commissions or extortion aimed at influencing business decisions.

With facilitating payments, the person or company that requires the service or procedure has the right to whatever they are requesting. They do not seek to gain something illegal or tip a discretionary decision in their favor. In fact, the civil servant receiving the payment does not usually have such power, but can make the process more difficult, expensive or drawn out.

Paying to make sure this doesn't happen is a common practice in some countries and situations, and inaction is often justified on the grounds that the costs of eradicating petty corruption far exceed the benefits.

## **Undesirable Consequences**

Nevertheless, the comprehensive analysis of the causes and effects of facilitating payments reveals pernicious effects that go far beyond the specific act:

- They perpetuate a culture of corruption and noncompliance with the law.
- They are damaging to those who do not play the game.
- They hurt the reputation of the countries and administrations that tolerate them.
- They slow down administration and make it less efficient, with high, arbitrary and irregular transaction costs that undermine public trust in institutions and administrative procedures.
- They are often integrated within more or less formal networks, which include

cascaded payments, conspiracies of silence and mafia-like activities or acts of corruption on a larger scale.

- Despite generally involving small sums, they make a noticeable impact on economic efficiency, especially in the long run and in aggregate terms.

## **From Tolerated to Prosecuted**

Greater awareness of these effects and their impact on corporate reputations have led to more targeted legislative and private initiatives to detect, prosecute and denounce the practice.

Hence, what in recent decades was seen as a local issue, revolving around the inefficiency of the public sector, is now considered an international problem. And as such it calls for coordinated global responses.

Instead of tolerating petty corruption, the author stresses the need to continue developing effective public and private strategies to prevent and punish such practices.

## **Methodology, Very Briefly**

This chapter defines "facilitating payments" and draws from the academic literature to analyze the approach being used to combat them at the global level.

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