

# COMPARATIVE ANALYSIS OF METHODS FOR COUNTERACTING THE LEGALIZATION (LAUNDERING) OF INCOME OBTAINED BY CRIMINAL MEANS

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**Relevance of research.** The formation and functioning of the National Financial Monitoring System in different countries of the world is determined by the dynamic history of the development of the processes of profit-laundering and terrorist financing. As the experience of most countries shows, along with state bodies that collect taxes and payments, a number of specialized financial departments deal with financial security issues, because the issue of legalization (laundering) of proceeds from crime becomes global, because various schemes of «money laundering» are transnational in nature and have a connection with organized crime (financial scammers, drug trafficking, terrorist financing, etc.). This problem is a significant threat to the financial and economic security and stability of the state, and also affects the level of socio-economic development of the country. Therefore, the study of methods of countering the legalization (laundering) of income from crime on the example of foreign countries is most actual.

**The aim of research** there is a detailed comparative analysis of methods of countering the legalization (laundering) of proceeds from crime on the example of foreign countries.

**Presentment of the main material.** Today in the world, in the context of the process of globalization, transnational crime is taking on new forms. At the same time, there is an improvement in the methods of committing crimes and methods of concealing their negative consequences. The development of the latest technologies, in particular, has led to the emergence of such offenses related to the use of modern communications for criminal purposes, which are actively used in their activities by both individual criminals or their groups, and transnational criminal corporations. Among such criminal acts, the methods and methods of committing which have been significantly influenced by scientific progress, is the legalization of illegally obtained income (dirty money laundering).

At the same time, to prevent tax evasion and other financial crimes, financial intelligence units are created that perform analytical functions of collecting and processing information. Differences between financial intelligence units are determined by certain factors due to the specifics of their activities and functional capabilities, but all of them are aimed at ensuring coordination of activities between law enforcement agencies.

In some countries, financial intelligence units are administrative bodies, while in others they act as police and legal bodies. The experience of countries with developed financial intelligence shows that the effectiveness of their work is determined only by

the availability of a certain legal framework and efficiency of the system for collecting, processing, transmitting and providing financial information, identifying initiators of financial transactions [1].

Laundering of «dirty» money are complex economic and legal phenomenon that has no borders. The term «laundering of money» appeared in scientific circulation relatively recently. However, the international community has already demonstrated the seriousness of its intentions in the fight against this evil.

Ways of transmitting information in different countries significantly affect the effectiveness of financial monitoring in general. Only direct channels of information transmission from financial intelligence units to financial institutions and regulators contribute to the effectiveness of financial reporting monitoring. In the case of information transfer from financial intermediaries to state regulators in the field of Finance, and then to financial intelligence units, the effectiveness of the National Financial Monitoring System is significantly reduced.

Globalization and integration processes, the rapid development of information technologies have led to the fact that the problem of money laundering has reached the international level.

Today, income legalization is characterized by a constant complication of schemes, acceleration of illegal operations, as well as the need to use transit bank accounts, which leads to both serious losses of economic resources and the reputation of banks. The overall scale of this threat to the banking sector can be described by the number of sanctions imposed on them, which indicate their involvement in the legalization of illegally obtained income and non-compliance with the requirements of legislation in this area [2].

Mechanisms for countering the legalization of income of illegal origin in financial organizations should be continuously improved, which will allow high-quality analysis of incoming information, timely identifying information about operations related to the legalization of criminal proceeds, ensure the financial security of the bank, promote the rational use of its resources and achieve strategic goals.

Large – scale «laundering» of illegal income is a global problem that requires a solution from all states of the world. But first, each state must independently recognize this act as criminal and make appropriate changes and additions to its domestic legislation, because this will determine the success of the fight against this serious and dangerous type of crime around the world.

Effective international cooperation in the fight against terrorism, taking into account these negative processes, is impossible without the coordinated work of the international community, since the nature of modern terrorism requires a global response to its challenges based on the principles of international cooperation and cooperation [3].

The analysis of the formation of legal regulation of cooperation between the member states of the European Union on countering the legalization of proceeds from

crime is extremely relevant, since it makes it possible to trace the evolution of such cooperation and ways to improve the forms and mechanisms of collective activity of states in this area, which can simultaneously become an example of best practices aimed at improving the effectiveness of both national measures to combat the laundering of «dirty» money, and those that can be applied in other regional entities.

Usually, International Cooperation in the field of combating terrorism is carried out by:

- establishment at the international level of common approaches to bringing to criminal responsibility for terrorism and its manifestations;

- development and conclusion of international treaties in the field of combating terrorism, adoption of other international documents as a legal basis for regulating the activities of states and international organizations in this area [4].

In practice, this activity can have the character of cooperation in the development of a unified state policy on the Prevention of terrorism, prompt exchange of information between criminal justice authorities, criminal prosecution of terrorists and bringing them to justice.

International cooperation in the fight against modern terrorism is based on the following principles:

- the principle of condemnation of terrorism, regardless of the goals of terrorists, is enshrined in almost all international conventions against terrorism;

- refusal of any form (Financial, military-technical, etc.) of assistance to terrorists;

- global cooperation in combating the financial and technological capabilities of modern terrorism;

- protection of world cultures and religions from the extremist influence of terrorism;

- compliance with international law [5].

«Laundering» of illegally obtained income always occurs not in the country where its source of origin is located, but abroad. It is this fact that determines the development of international cooperation in the fight against money laundering, based on the following principles:

- adoption of relevant international and national normative legal acts;

- conclusion of agreements on legal assistance in struggling money laundering;

- development of international anti-money laundering programs;

- adoption of relevant documents by international economic, financial, political and law enforcement organizations, economic unions;

- creation of special international and national legal and law enforcement agencies;

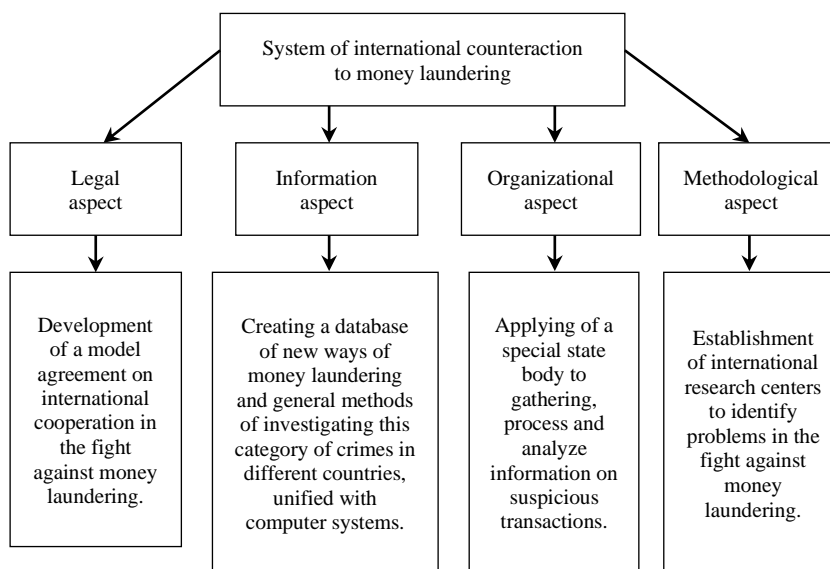
- introduction of certain rules for the exchange of foreign currency;

- increased supervision of offshore sectors of the economy;

- improving the electronic archive of international money transfers;

- creation of training programs for banking specialists;
- establishing international accounting standards and mechanisms for monitoring their compliance;
- publication of «black» lists of countries;
- blocking bank assets when suspicious transactions are detected;
- publication of special international publications on money laundering [6].

There is a whole system of countering money legalization, the aspects of which are shown in Figure 1.



**Fig. 1. Aspects of the system of international counteraction to the legalization («laundering») of proceeds from crime**

*Source: formed by the author based on [7-12]*

It is advisable to consider foreign experience in more detail.

The United States of America, as the world's leading economy, was one of the first countries to take measures to legalize criminal income. The country's governing bodies have begun active activities related to the creation of a system to counteract various schemes aimed at legalizing the income of crime means. An important element of this system was the creation of a legislative framework that would regulate the activities of financial institutions.

Most experts date the beginning of the fight against income legalization in the United States to 1970, with the adoption of the law «On bank secrecy», which defined the obligations of financial institutions to keep accounting documents on transactions. Thus, the prerequisites for the development of the Financial Monitoring System in the United States were laid. And already in 1986, actions aimed at «money laundering» were legally classified as a crime under the adopted law «on money laundering control».

The basic law that regulates the specifics of financial monitoring in the United States is the PATRIOT Act 2001. The main purpose of which is to restrict access to the US financial system by introducing more stringent requirements against foreign

financial institutions that open correspondent accounts with US banks. In this regard all American financial institutions should develop and improve programs to detect money laundering operations [13].

In case of violation of legislation in the field of countering the legalization of proceeds from crime and the financing of terrorism, administrative and/or criminal liability in the United States is borne not only by criminals, but also by financial monitoring entities. In particular, an American bank serving a non-resident's account must terminate all relations with a foreign counterparty no later than 10 business days after receiving a written notification from the Minister of finance or the attorney general that the foreign bank refused to respond to the request, and begin legal proceedings in the US court to establish the validity of this request. Refusal to terminate correspondent relations under the above conditions threatens sanctions against the American financial institution in the form of fines of up to 10 thousand dollars for each day, until these relations are terminated.

In the US banking sector, the following regulatory authorities are engaged in countering the legalization of criminal proceeds:

- Office of the money circulation auditor;
- Federal Deposit Insurance Corporation;
- Federal Reserve Board;
- Department for monitoring compliance with the rule of law;
- National Credit Union Administration [14].

These agencies have developed special methods for recognizing possible violations and criminal activities in the banking sector. When conducting an audit of banking structures, the above-mentioned control bodies can focus on the facts of potential fraud, internal abuse and other criminal actions, including those related to money laundering. To verify compliance with the law «on bank secrecy» or investigate possible violations of any other regulatory legal acts, these agencies may conduct bank audits. For example, the Federal Deposit Insurance Corporation has created its own department for economic crimes, which includes specially trained inspectors to study possible criminal activities.

Thus, today the United States has created one of the most effective systems for countering money laundering and terrorist financing. This is primarily due to the fact that the United States, having one of the leading economies in the world, has a wide network of both international credit institutions and credit institutions that are more popular in the US domestic market.

In France, the specifics of the organization of financial monitoring are regulated by two main regulatory legal acts: the law «on the participation of financial institutions in the fight against money laundering from drug trafficking» and the monetary and Financial Code.

The Special Financial Intelligence Unit in France is TRACFIN, which reports to the Ministry of Finance, and its activities are classified [15].

The peculiarity of the Financial Monitoring System in France is that it does not have legally established requirements for providing information about financial

transactions depending on their amount, and the criteria for studying operations for doubtfulness are motivated suspicion of financial transactions that have signs of money laundering, in particular, funds that may be related to illegal drug trafficking, organized crime, by committing fraudulent actions, corruption. Financial transactions that exceed the amount of 150,000 euros and are characterized by complexity or lack of economic meaning require special attention from the subjects of primary financial monitoring.

Both financial institutions are required to provide information to TRACFIN about Atypical financial transactions: banks and credit institutions, payment organizations, insurers, investment companies, pawnshops; and individuals and legal entities that are professionally engaged in financial and related activities: real estate intermediaries, casino owners, clubs and companies that organize gambling, lotteries, sports games, entities that trade in jewelry, antiques, works of art, accountants, auditors, notaries, bailiffs, managers and legal representatives, companies that sell property on the market public auctions and others [16].

Financial monitoring in Germany is carried out by the Financial Intelligence Unit (Zentralstelle für Verdachtsanzeigen), which is part of the police.

Financial and credit institutions in Germany are required to identify the client both if the amount of the financial transaction exceeds EUR 15,000 (or if a long-term relationship is established), and if the financial transaction raises a reasoned suspicion of money laundering. In addition to the initiator of the financial transaction, German financial institutions are required to identify the beneficiary of the suspicious transaction.

An interesting fact is that the central bank in Germany (Bundesbank) does not have regulatory and supervisory powers in the field of countering the legalization of proceeds from crime and the financing of terrorism, since it itself refers to financial institutions that carry out commercial financial transactions. Thus, the Bundesbank, like other financial and credit institutions in Germany, is required to report suspicious financial transactions [17].

Supervision of the activities of financial institutions in Germany is carried out by the Federal Office for supervision of the activities of financial institutions (BaFin). A separate group of Supervisors over the implementation of measures by financial institutions to prevent the legalization of criminal proceeds within BaFin includes 4 sectors: political decisions and international cooperation; inspections of banking institutions; inspections of insurers and institutions that carry out criminal proceeds.

Canada pays special attention to countering money laundering and terrorist financing in order to ensure financial security. According to the Canadian Financial Intelligence Division Financial Transaction and Report Analysis Center (FINTRAC), the annual volume of criminal proceeds in the world ranges from 590 billion rubles. – 1,5 trillion rubles. US dollars. Therefore, FINTRAC's powers to counteract the legalization of illegal income apply to all types of financial crimes, including drug trafficking, financial fraud, tax evasion, corruption, and others [18].

FINTRAC, which is subordinate to the Ministry of Finance of Canada, was established in 2000 under the Canadian act «On countering money laundering and terrorist financing». In 2002, FINTRAC became a member of the Egmont group of financial intelligence units. Today, FINTRAC cooperates with more than 100 financial intelligence units from different countries to exchange information and experience in countering the legalization of proceeds from crime and the financing of terrorism.

FINTRAC aims to promote Canada's public safety and protect the integrity of the country's financial system by identifying and preventing money laundering and terrorist financing.

As the researcher Ivanitskaya O. M. notes, a specific feature of financial monitoring activities in Canada is the multi-source nature of obtaining information. The main sources of information used in the financial monitoring process by FINTRAC are: voluntarily provided information (59%), reports of suspicious transactions (13%), profile reports (5%), information from open sources (3%) and requests from financial intelligence units (20%) [19].

That is, of the total amount of information received on money laundering, only 13% is information that financial institutions and other subjects of primary financial monitoring are required to submit, which indicates a high level of Organization of financial monitoring and the financial system as a whole and a high level of consciousness of subjects who initiate or carry out financial transactions.

In case of violation of legislation in the field of countering the legalization of criminal proceeds and the financing of terrorism in Canada, up to 2 million rubles are applied as penalties. and liability in the form of imprisonment for up to 5 years.

The Financial Monitoring System in Canada is constantly in a dynamic stage of development. The latest directions of its improvement are aimed at developing a unified national system for assessing the risks of money laundering with the introduction of a regulatory process for assessing risks for certain sectors of the financial system and certain products of the financial services sector.

In Poland, the Basic Law» on countering money laundering and terrorist financing» in the field of countering the legalization of criminal proceeds was adopted in 2000. According to the current Polish legislation, financial transactions in the equivalent amount of 15,000 euros or more are subject to mandatory financial monitoring.

The central element of the State Financial Monitoring System in Poland is the inspector general of financial information (Generalny Inspektor Informacji Finansowej – GIIF), subordinate to the Ministry of Finance. The purpose of GIIF is to obtain, collect, process and analyze information to prevent the legalization of assets of illegal or undetermined origin, and to prevent the financing of terrorism. Committing a crime to legalize any assets obtained illegally in Poland is punishable by imprisonment from 6 months to 10 years, with possible confiscation of property [20].

In Belarus, there is no unified strategy at the legislative and political levels to combat the legalization of proceeds from crime, and financial monitoring is

considered as part of other state programs. There is no single coordinating body – the Financial Intelligence Unit. Some of its duties are performed by the Financial Monitoring Department of the State Control Committee of the Republic of Belarus. The majority (98%) of reports of suspicious financial transactions are transmitted electronically from banking institutions, while the rest are transmitted in paper form, which are then manually entered into the system. As defined in the report of the State Control Committee of the Republic of Belarus, the Financial Intelligence Department, other law enforcement agencies and the prosecutor's office do not regularly provide state financial monitoring with feedback on the use of the transmitted materials [21].

In Italy, Financial Monitoring is entrusted to the Ufficio Italiano Combi UIC (SAR), which is subordinate to the National Bank of Italy. The first and second parts of the regulation on financial transactions and reporting of the National Bank of Italy define the rules for conducting financial monitoring by financial institutions throughout Italy. The current legislation of the country provides for banks and other financial intermediaries to maintain detailed documentation on all currency transactions of resident clients. In 2014, the UIC (SAR) received 49,000 reports of suspicious financial transactions.

In the UK, financial monitoring is handled by the Financial Intelligence Unit of the Internal Revenue Service NCIS / ECU, which reports to the UK Ministry of Finance and interacts with the National Criminal Intelligence Service, Customs and excise service, Anti-Fraud Bureau, and National Investigation Service. NCIS / ECU of the UK deals with issues related to countering money laundering, terrorist financing, gambling crimes, and fraud. However, English law prohibits the transfer of information about tax violations to other states. Since 2005, there have been trends in the UK's National Financial Monitoring System to strengthen coordination of the activities of all participants in countering money laundering [22].

Due to the fact that the process of legalization (laundering) of proceeds from crime is carried out mainly using international criminal ties, special international organizations have been created that coordinate work in the field of preventing and countering the legalization of criminal incomes. Such organizations today are:

1. The group for the development of financial measures to combat money laundering (FATF) is an interstate organization that was established in July 1989 at a meeting of the leaders of the group of seven countries in Paris «to assess the current results of cooperation in the field of preventing the use of the banking system and financial institutions for laundering proceeds from crime, and to consider the possibility of taking additional preventive measures in this area».

2. The Egmont Group (Egmont group of financial intelligence units) is an informal association of national agencies performing financial intelligence functions, which was established in Brussels in June 1995 by representatives of 24 countries and a number of international bodies, including the FATF, Interpol, the European



Commission, the World Customs Organization, etc. EG membership is one of the requirements of the FATF recommendations.

3. MONEYVAL is a special committee of COE experts on mutual assessment of anti-money laundering and terrorist financing measures, which was established in September 1997 by a decision of the COE Committee of Ministers to carry out a general and independent analysis of the fight against money laundering in COE member countries (and non-FATF candidate countries).

4. The Eurasian Group for countering the legalization of criminal proceeds and the financing of terrorism (EAG) is an association that was established in October 2004 by signing a declaration by official representatives of the governments of the republics of Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, China, and the Russian Federation under the FATF type.

5. The Basel Committee (Committee for regulation and supervision of banking activities) is a special body that was established in 1974 under the auspices of the bank for International Settlements on the basis of an agreement concluded by 10 developed countries (the so – called Basel concordat).

6. Wolfsberg Group is an Interbank Association that was established in 2000 by the 11 largest banks in the world.

7. The UN is an international organization that unites 192 countries around the world. The UN Charter was signed on June 26, 1945 at a conference in San Francisco (USA) and entered into force on October 24, 1945.

8. The International Monetary Fund is a universal international financial organization that was established in accordance with the agreements adopted at the International Monetary and financial conference of the United Nations in July 1944 in the United States and entered into force in December 1945.

9. The World Bank is one of the world's largest development assistance organizations, founded in 1944.

10. The European bank for reconstruction and development, the bank with the largest volumes of attracted foreign direct investment, and therefore the largest investor in the region, was established in 1991.

11. The International Criminal Police organization (Interpol) is a special body centered in Vienna that is directly involved in the fight against crime [23].

Taking into account the above, it is necessary to emphasize that various schemes for legalizing (laundering) criminal funds are being implemented in the modern world. There is no single classification of such schemes among both scientists and law enforcement agencies. However, based on common characteristics, they can be grouped according to the following criteria:

a) by appointment:

- for the purpose of tax evasion;
- for the purpose of concealing criminal operations (legalizing funds received from crimes);

b) by type of settlement systems:

- cash;
- non-cash (via payment orders, plastic cards, clearing payments, etc.);
- c) for the organization of management:
  - with centralized management («conversion centers») [24].

This scheme is characterized by a large number of criminal operations. The scheme successfully operates in the presence of a centralized link that organizes operations related to the receipt and transfer of funds, monitors the work of dependent firms, keeps records, and so on. The Central Link also performs the function of protection from law enforcement agencies. If the activities of the central level are eliminated or restricted (for example, the arrest of managers, the bankruptcy of the main multi-branch Company, etc.), the scheme stops working.

Methods with centralized management are characterized by careful provision of interaction functions between participants and, as a rule, the fact that most of the financial resources are concentrated in the Central Link. When financial resources are evenly distributed across different firms, centralized management is inefficient, since it does not provide the necessary reliability of the money laundering process and, as a result, the risk of conflicts due to non-fulfillment of its obligations increases.

- with decentralized or distributed management.

Such a scheme is characterized by the distribution of management functions between individual firms, which are combined only by one-time operations or by the bank through which payment transactions are made. In the decentralized scheme of money laundering, compared to the centralized one, there are problems of protection from law enforcement agencies.

- d) according to the method of organizing the transmission of information:
  - with information routing.

The interaction of participants in the scheme provides determination of ways to transfer criminal funds in various forms to the addresses of their destination. This process is usually performed by all participants in the system.

- with information selection.

Interaction of participants in the scheme is carried out through the selection (selection) of various forms of criminal means addressed to them.

- e) technical support for financial settlements (access methods for electronic transactions):

- with unified access methods focused on electronic payments (client-bank system, plastic cards, etc.);
- using various media of funds (cash, plastic cards, securities, etc.) [25].

The type of carrier determines the properties of a financial transaction that is carried out through the organization of the exchange of certain obligations. The simplest technical tool is a telephone line, the use of which reduces the cost of a financial transaction, firstly, due to the low cost of the carrier itself, and, secondly, due to the presence of backup telephone lines at many facilities that can be used if necessary. The disadvantages of telephone channels for carrying out a criminal

financial transaction for money laundering include insufficient protection from technical interference, the possibility of unauthorized connection (both law enforcement agencies and competing criminal organizations), limiting the range and speed of data transmission by sets of certain components of electronic support of the telephone line.

In addition, the analysis of the features of operational activities related to money laundering allows us to identify typical schemes for legalizing (laundering) proceeds from crime, which are used in the modern world. Below we will analyze each of them in more detail:

- legalization (laundering) of funds by illegal conversion of funds using fictitious enterprises.
- legalization (laundering) of funds by performing speculative operations with securities.
- legalization (laundering) of funds by performing fraudulent transactions with land and real estate objects.
- legalization (laundering) of funds as a result of illegal VAT refund from the budget and in the process of privatization of state property.
- legalization (laundering) of funds with the participation of banking institutions.
- legalization (laundering) of funds with the participation of non-bank financial institutions.
- legalization (laundering) of funds using SAGP.
- legalization (laundering) of funds using virtual currencies.
- money laundering using an online-casino [26].

The analyzed schemes and methods of money laundering indicate that money laundering is a global crime. This is due to the fact that the subjects of money laundering, bringing their activities to the international level, pursue the following goals:

- avoid countries/territories with a clear regulatory framework and a strong law enforcement system;
- exploiting the shortcomings of the regulatory framework and the work of law enforcement agencies that are characteristic of a number of jurisdictions;
- exploiting gaps that exist when there is an insufficient level of cooperation between law enforcement agencies of different countries;
- creating additional layers of transactions in order to make it more difficult to track the movement of criminal proceeds [27].

In the latter case, countries that have laws on the secrecy of financial transactions are often used. Such jurisdictions are called «financial havens» or «offshore zones». They represent all or part of the territory of the country, where a preferential regime for the operation of companies with offshore status that operate outside the territory of registration and conduct operations with the property or funds of non-residents is established and used. Small countries encourage the creation of

offshore companies on their territory in order to develop offshore businesses that bring additional profits to these countries.

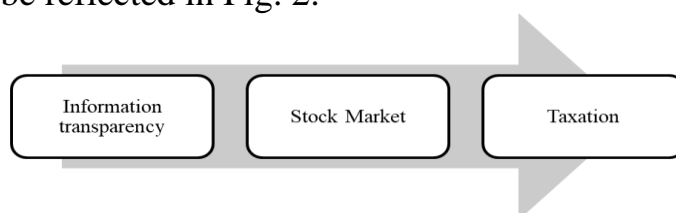
The schemes and methods analyzed above make up a far incomplete list of typical schemes for legalizing (laundering) proceeds from crime. Every year they become more complex and branched. Therefore, it is necessary to introduce a procedure for disclosing information about disclosed money laundering schemes, as well as to develop methodological recommendations on measures that will be aimed, on the one hand, at preventing such schemes, and on the other – at their timely detection. It is also advisable to create a single electronic database on the subjects of such schemes, as well as to determine the typical parameters of suspicion of individuals and operations for the legalization (laundering) of proceeds from crime.

In Ukraine, the Financial Monitoring System is currently being formed and developed. The continuous improvement of the legislative framework indicates the adoption of international experience in the field of countering the legalization of criminal proceeds. In particular, on April 28, 2020 The Verkhovna Rada has amended the law of Ukraine «on preventing and countering the legalization (laundering) of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction» №361-IX, which has significant improvements in comparison with the previous law, which has become invalid [28].

Significant improvements to the newly adopted law include a more detailed definition of actions that can be qualified as legalization (laundering) of proceeds from crime, as well as improved national legislation in the field of financial monitoring, the law also expanded the list of subjects of primary financial monitoring, to which are added insurance (reinsurance) brokers, distributors of state lotteries, law offices and associations, business entities that provide accounting services.

The organization of an effective system for preventing and countering the legalization of proceeds from crime, both on a national and international scale, can significantly reduce the motivation to obtain such proceeds, identify and destroy their sources of origin, and, accordingly, reduce the number of illegal actions performed. In this regard, preventing and countering the legalization of proceeds from crime has become one of the most important tasks of both each individual country and the entire international community.

At the same time, there are certain shortcomings in the organization of financial monitoring, which are due to the very specifics of the financial system of Ukraine, in particular, they can be reflected in Fig. 2.



**Fig. 2. Shortcomings in the organization of financial monitoring**

*Source: formed by the author based on [29-32]*

On the territory of Ukraine, EU standards in combating money laundering and terrorist financing are being actively implemented, aimed at further implementation of relevant legislation in accordance with EU standards; continuing interaction of financial intelligence units of Ukraine in accordance with Egmont Group standards; increasing the ability of state institutions to determine the procedure and implement effective supervision of financial intermediaries and representatives of non – financial professions; continuing the exchange of information between financial intelligence units of EU member states and Ukraine about suspicious financial transactions that may be relevant to money laundering; continuing to provide support in training judges, prosecutor's offices, customs officers, law enforcement officers and other financial monitoring specialists; continuing cooperation within the framework of the Moneyval committee of the Council of Europe to ensure the maintenance of high standards in the process of joint assessment of all its members and in typological work [33].

Based on the study of the specifics of financial monitoring in the world, it is possible to determine the most promising areas for using certain features of world experience in the National Financial Monitoring System in Ukraine (Table 1).

**Table 1. Directions of using international experience in the process of reforming the National Financial Monitoring System in Ukraine**

Country	A feature that can be used in Ukraine
Canada	Transfer of unused planned budget funds to the next budget period.
USA	Broad coordination of interaction between bodies that counteract the legalization of proceeds from crime and the financing of terrorism.
Italy	Subordination of financial monitoring to the central bank, automated risk-based information processing system.
Australia	A combination for the implementation of financial monitoring of the directions of not only countering the legalization of proceeds from crime and the financing of terrorism, but also tax evasion.
China	Differentiation between individual structural divisions of the functions of managing and implementing financial monitoring within the framework of a single authorized body.
Finland	Responsibility of the authorized body for the preliminary investigation process.
Belgium	Assigning at the legislative level to the authorized body in the field of countering the legalization of proceeds from crime and the financing of terrorism the functions of coordinating the activities of financial monitoring bodies.
United Kingdom	Prohibition of transmitting information about tax violations to other states.

*Source: formed by the author based on [34-36]*

**Conclusions:** Thus, having studied foreign practice, namely the American experience of organizing systems to counteract the legalization of proceeds of illegal origin and the financing of terrorism, we can conclude that a fairly effective mechanism for combating such a threat has been developed and implemented in this country. It is worth noting that the organization of the Financial Monitoring System in Ukraine does not lag behind international standards and recommendations of international organizations in the field of combating the legalization of criminal proceeds.

However, there are a number of advantages of financial monitoring systems in individual countries that should be applied in Ukraine. In particular, taking into account

the experience of the United States and Canada, it is advisable to include operations with predicate crimes in Ukraine: computer fraud, illegal credit operations, forgery of payment cards and other payment documents, corruption and abuse of official position, tax evasion. In addition, following the example of the United States and Canada, Ukraine should strengthen interdepartmental coordination of supervisory authorities in the field of countering the legalization of criminal proceeds and create a closed unified information system for the exchange of information on the legalization of income between them.

Follow the example of Canada, France, and the United States to ensure effective mechanisms for keeping the information received secret. Such mechanisms can be developed by strengthening the administrative responsibility of employees authorized to work with classified information of both state financial monitoring bodies and subjects of primary financial monitoring (penalties, a ban on holding senior positions, etc.).

It is also advisable, following the example of Canada, to expand the sources of state financial monitoring information on suspicious transactions, using voluntarily provided information, profile reports, open sources of information, and to check the facts of violations obtained from various information sources.

Also, it is necessary to strengthen the responsibility of subjects of primary financial monitoring for violations of legislation in the field of countering the legalization of criminal proceeds. In particular, in the United States, commercial banks only for not terminating relations with a foreign counterparty in case of its refusal to provide information on request pay *доларів* 10,000 for each day of continuation of such relations, but in Ukraine, the maximum fine for subjects of primary financial monitoring – legal entities is about 2500 (for repeated violations).

It is also necessary to strengthen the personal responsibility of officials of primary financial monitoring entities, which currently provides only for temporary removal from office until the violation is eliminated. Thus, the analysis of foreign experience in organizing financial monitoring systems will allow us to adopt the most effective mechanisms for countering the legalization of criminal proceeds and the financing of terrorism and determine the main directions for improving the domestic financial monitoring system.

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