

CRIMINAL LAW ASPECTS OF FINANCIAL SECURITY OF A STATE

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Abstract. The article deals with criminal law aspects of ensuring financial security of the State as a component of national security. The emphasis is placed on key threats to financial security, such as corruption, money laundering, financial fraud and tax evasion. The article defines the role of criminal law in preventing crimes in the financial sector, ensuring the inevitability of punishment and restoring financial losses. It analyses the essence of financial security as a component of national security and determines its relationship with criminal law aspects. The study examines criminal law mechanisms aimed at ensuring financial security, including national legislation and international approaches. This helped to identify problems and gaps in the criminal law regulation of financial security. The criminal law threats to Ukraine's financial security identified by analysing their nature, scope and countermeasures allowed comparing the national experience with the practices of the European Union and the United States with a view to identifying effective approaches and ways to improve the Ukrainian legal system in this area. Ensuring an effective criminal law policy in the area of financial security involves: improving legislation aimed at preventing and combating financial crimes; enhancing the professional training of law enforcement agencies in the area of financial crime investigation; and integrating national crime prevention systems with international mechanisms, including co-operation within international organisations. The establishment of effective mechanisms for monitoring suspicious financial transactions and detecting illegal capital flows is a prerequisite for protecting the financial system. The utilisation of contemporary tools, including artificial intelligence and blockchain technologies, is imperative for the identification of fraudulent schemes, the monitoring of financial transactions, and the automation of risk analysis. Particular attention is paid to the integration of national mechanisms for combating financial crimes with international standards, including the FATF recommendations and the UN Convention against Corruption. The positive experience of Ukraine and the European Union in improving legislation, introducing modern technologies and developing international co-operation has allowed the author to propose ways to improve criminal law measures aimed at strengthening financial security, taking into account current challenges. An effective criminal law policy in the area of financial security should take into account current challenges, including cybercrime and the growth of organised criminal groups in foreign economic activity. Only a comprehensive approach that encompasses legal, economic and international aspects will ensure the necessary level of protection of the state's financial system and contribute to its stability. The study is based on the analysis of statistical data, in particular, the activities of law enforcement agencies of Ukraine in recent years. The conclusions are aimed at proposals for improving criminal law policy to ensure financial stability and maintain confidence in financial institutions.

Keywords: criminal law regulation, financial security, economic crime, corruption, shadow economy, international co-operation.

JEL classification: K42, F36, H26, G38, R10, R33

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Introduction

The issue of criminal law protection of national security has always been relevant for Ukraine, as it ensures "the protection of state sovereignty, territorial integrity, democratic constitutional order and other national interests of Ukraine from real and potential threats".

Financial security is a key element of the national security of the state, as it determines the stability of the economy, the level of well-being of citizens and the ability of the state to respond effectively to internal and external challenges. In today's world, characterised by a high level of globalisation, integration processes and growing interdependence of economies, financial security is of particular importance.

Among the main threats to financial security in the current environment is globalisation, which, on the one hand, promotes market openness and access to international financial resources, but, on the other hand, creates conditions for the spread of crises and destabilisation of individual countries' economies. Hybrid threats, including economic blackmail, cyber attacks on financial infrastructure and manipulation of financial markets, which can cause significant damage to the national economy. Corruption, which undermines economic stability, promotes the mismanagement of resources and reduces confidence in financial institutions.

The criminal law component is an important element of financial security, as it is aimed at combating crimes that undermine the stability of the financial system, disrupt economic order and pose threats to national security. In today's environment of increasing globalisation, growing cybercrime, corruption and terrorist financing, criminal law mechanisms are of particular importance.

The key threats that require a criminal law response include financial fraud and abuse, corruption, money laundering, cybercrime in the financial sector, and terrorist financing.

Ensuring an effective criminal law policy in the area of financial security involves: improving legislation aimed at preventing and combating financial crimes; enhancing the professional training of law enforcement agencies in the area of financial crime investigation; and integrating national crime prevention systems with international mechanisms, including co-operation within international organisations.

Meanwhile, it should be noted that Ukraine's financial security is currently under threat, as all components of financial security are under threat and martial law. Financial security problems have arisen not only in times of crisis, but also in a stable economic environment, but the set of current challenges has many differences.

The purpose of the article is to define the essence and role of the criminal law component in ensuring the financial security of the State, based on the analysis of threats to the financial sector which require criminal law response, and to identify the ways to improve the mechanisms for countering these threats.

1. Research Methodology

Many studies by Ukrainian scholars have been devoted to the problem of defining the phenomenon of economic security of the state and combating financial crime. Among the most significant are the works of the following scholars: Korobtsova D.V., Melnychuk T.V., Mnykh O.B., Blikhar V., Hreshchuk H., Dostdar R., Kokhaniuk T., Krykavska I., Kryshtanovych M., Akimova L., Shamraieva V., Karpa M., Akimov O., Perepelytsia M., Oliinyk S., Kovalevska I., Leshchynskyi V., Kroitor V., Adamovskyi V. and many other scientists.

Economic organised crime causes significant damage, as it makes legitimate economic activity impossible, notes T. Melnychuk, who emphasises that such crime in the field of foreign economic activity functions as a social subsystem, consolidating criminal elements to generate profits from illegal economic transactions.

Korobtsova D.V. (2022) defines organised economic crime as a systematic illegal activity, often disguised as legal, supported by corruption and aimed at obtaining excessive profits. Tsymbaliuk M. adds that it is only a part of economic crime, the subjects of which are criminal groups, not individuals or temporary groups.

Blikhar V., Hreshchuk H., Dostdar R., Kokhaniuk T., Krykavska I. (2022), consider the current state and trends in the development of international law in the context of economic and legal analysis of financial measures to counter cybercrime in the global environment. According to Kovalenko V.V. (2011), criminal activity includes redistributive crime (theft, robbery) and productive crime (production of prohibited goods and services), which is subject to the laws of the market. Organised economic crime often overlaps with the shadow economy, but does not completely absorb it.

As for the offences constituting cybercrime, they are defined in international and national legislation. Thus, the Council of Europe Convention on Cybercrime defines a list of such crimes by dividing them into certain groups. Therefore, the first group includes offences against the confidentiality, integrity and availability of computer data and systems, namely illegal access, illegal interception, interference with data and systems, and misuse of devices. The second group includes those related to the use of a computer (computer-related forgery, computer fraud). The third group is content-related offences,

including those related to child pornography. The fourth group comprises violations of copyright and associated rights. The fifth group encompasses those recorded in a separate protocol, namely acts of racism and xenophobia committed through computer networks (Unified report, 2020); Unified report, 2023); Unified report, 2024)).

In the national legislation, the list of criminal offences related to cybercrime is set out in Chapter XVI of the Special Part of the Criminal Code of Ukraine and is entitled "Criminal offences in the field of use of electronic computers, systems and computer networks and telecommunication networks". However, compared to the Council of Europe Convention, the wording is rather difficult to understand.

The study of the issue includes the analysis of criminal offences related to fraud from the criminological point of view. In the course of the research, attention should be paid to the information provided by the Office of the Prosecutor General for 2022-2023 and information on criminal offences related to fraudulent acts that are already known this year in order to clearly understand the meaning of the problem today directly (UN Convention, 2007).

The changes in the socio-political conditions in Ukrainian society in recent years, the active phase of the war with the Russian Federation and the accompanying economic crises necessitate a new conceptual approach to the study of the phenomenon of financial security of the state, as well as a review of the key indicators and determinants of economic crime in Ukraine.

The study is based on the analysis of statistical data, in particular, the activities of law enforcement agencies of Ukraine in recent years. The research methods used in the study are the dialectical-applied, static and content analysis methods.

2. Research Results

2.1. The Essence and Key Components of Financial Security

Financial security is a component of national security that ensures the stability of the financial system and its ability to function effectively even in the face of internal and external threats. It is a comprehensive state of protection of the state's financial resources, which ensures economic development, maintenance of macroeconomic stability, fulfilment of social obligations and financing of defence capabilities.

Key components of financial security.

Budget security ensures the efficiency of the formation and use of the state budget. The main aspects are the balance of budget revenues and expenditures; reduction of the state budget deficit; control over public debt and prevention of its excessive growth.

Tax security implies the sustainability and efficiency of the tax system. The main objectives are to ensure stable budget revenues from tax revenues, counteract tax offences such as tax evasion, and create favourable conditions for economic development through fair taxation (Kovalenko, 2011).

Banking security ensures the stability of the banking system, which is the backbone of the financial infrastructure. Key aspects include protecting banks from insolvency risks, combating fraud in the banking sector, and maintaining public confidence in the banking system (Davydenko, 2023).

Currency security ensures the stability of the national currency and its exchange rate. The main tasks are to maintain an optimal level of foreign exchange reserves, control capital outflows and speculative transactions in the foreign exchange market, and prevent the risks of currency crises (Perepelytsya, 2021).

The financial security of the state depends on the harmonious interaction of all its components, as a breach in any of them can cause systemic problems that will negatively affect economic stability and development.

Criminal law plays a key role in ensuring the financial security of the state, as it is aimed at counteracting offences that pose a threat to the stability of the economic system. The financial interests of the state cover a wide range of areas, such as the budget, tax system, banking, and the foreign exchange market, and the protection of these areas is an integral part of national security.

The prevention of crimes in the financial sector can be considered an important function of criminal law in the field of financial security. Through the establishment of clear sanctions, criminal law performs a preventive function, deterring potential offenders from engaging in unlawful activities. Effective criminal law ensures that those who commit crimes such as tax evasion, corruption, money laundering, terrorist financing or fraud are punished inevitably.

Law enforcement agencies play a key role in ensuring the economic security of the state. The current legislation does not define a clear list of entities that ensure the economic security of the state, and this trend also exists in Ukrainian academic circles. This study proposes the following scheme of the main structural units that belong to the category of "law enforcement agencies" that contribute to ensuring effective economic security. The classification of law enforcement agencies is complicated by the lack of a clear legislative definition of the term "law enforcement agencies", as well as by the existence of a large list of state bodies that may also be classified in this category (Savchuk, Bondarenko, 2023).

Criminal law mechanisms include the possibility of confiscation of illegally obtained funds and

compensation of losses incurred by the state. Legal regulation is aimed at ensuring transparency and legality in financial transactions, preventing fraud in the banking and tax sectors, and reducing the risks associated with illicit capital flows.

Table 1
System of law enforcement agencies in the field of economic security

SYSTEM OF LAW ENFORCEMENT AGENCIES IN THE FIELD OF ECONOMIC SECURITY	Bureau of Economic Security
	Security Service of Ukraine
	National Anti-Corruption Bureau
	National Police of Ukraine
	State Bureau of Investigation
	State Customs Service
	State Tax Service

Source: (Savchuk, Bondarenko, 2023)

2.2. The Main Threats that Require Criminal Law Regulation

The main threats that require criminal law regulation:

- Corruption, which leads to inefficient use of budget funds and undermines economic stability.
- Financial fraud, including fraud, falsification of financial documents, and market manipulation.
- Tax evasion, which reduces budget revenues and undermines social and economic development.
- Money laundering, which poses a threat of legalisation of the proceeds of crime.
- Terrorist financing, which is directly related to threats to national and financial security.

In today's world, the improvement of legislation is considered to be a way to increase the effectiveness of criminal law protection of the state's financial interests. Continuous adaptation of criminal legislation to modern challenges, such as digitalisation of the economy, new forms of fraud and cybercrime. This involves, in particular, the development and implementation of legislation that takes into account the specifics of electronic financial transactions and prevents financial abuse (Blikhar, 2022).

The effective fight against transnational financial crime requires close co-operation with international organisations such as the FATF (Financial Action Task Force on Money Laundering) and Europol. The exchange of information and experience helps to improve national practices.

Establishing effective mechanisms to monitor suspicious financial transactions and detect illicit capital flows is a prerequisite for protecting the financial system. Use of modern tools, such as artificial intelligence and blockchain, to detect fraudulent schemes, monitor financial transactions and automate risk analysis.

Illicit financial transactions and money laundering are important for raising the professional level of law

enforcement and ensuring the financial security of the country (Feret, 2024).

Illicit financial transactions and money laundering are among the most dangerous threats to financial security, which can have devastating consequences for economic stability, governance and public welfare. These are transactions that violate the law and are aimed at evading financial control, tax evasion or obtaining undue advantage. Such transactions include the following (40 Recommendations (FATF), (2003):

- Smuggling, illegal import or export of goods to avoid customs duties.
- Fictitious transactions involving the use of shell companies or forged documents to obtain illegal profits.
- Illicit capital flows are the movement of large amounts of money through offshore zones to avoid taxation.

- Various fraudulent schemes, such as pyramid schemes, falsification of documents, and manipulation of stock and currency markets.

Money laundering is also an important problem, as it is the process of legalising the proceeds of crime by concealing their illegal origin and introducing them into legal economic circulation.

The main stages of this process are the introduction of illicit funds into the financial system (bank accounts, investments, etc.), the creation of a complex structure of financial transactions to disguise the source of funds, and the inclusion of laundered money in the legal economy, for example, through the purchase of real estate, business or valuable assets (Davydenko, 2023).

Obviously, the biggest risks are illegal transactions and money laundering, which undermine the reputation of banks and financial institutions, and the state loses significant funds to the national budget due to tax evasion, which reduces the ability to finance social and defence programmes. In addition, illicit funds are often used to support illegal activities.

Table 2
Risks associated with financial insecurity in the country and ways to overcome them

Risks	Counteraction measures
Decreased confidence in financial institutions	Strengthening financial monitoring
Loss of budget revenues	International co-operation
Financing of terrorism and organised crime	Tough sanctions
Economic instability	Equipping with modern technologies

Source: (Lindley, Techera, 2017)

At the current stage, the way of counteraction through the latest technologies is gaining more and more importance, and the use of artificial intelligence and big data to analyse financial transactions offers significant opportunities. Protection against illegal

financial transactions and money laundering is a key condition for ensuring financial security and sustainable economic development of the state.

The economy is the foundation of the country's stable development. Building an efficient economic system that is resilient to external influences and integrated into the international economic space is a national policy priority. The National Security Strategy of Ukraine (Decree of the President of Ukraine No. 287/2015 of May 26, 2015) recognises economic security as one of the main directions of state policy. It is important to combine the development of internal and external economic relations with the fight against organised economic crime and the shadow economy (Reznik, Getmanets, 2020).

Combating economic crime is a priority for law enforcement agencies and a key element of national security. However, the effectiveness of this fight depends on access to accurate and reliable crime data. In Ukraine, there are difficulties in determining quantitative and qualitative indicators of economic crime, in particular due to changes in the Criminal Code of Ukraine and the lack of unified statistical reporting.

A criminological analysis will be conducted, with consideration given to the dynamics, structure and geography of crime in recent years (Unified report, 2020; Unified report, 2023; Unified report, 2024); Statistics of Criminal Illegality, 2024).

In 2021, 499 organised groups and criminal organisations were identified in Ukraine, of which 454 were organised groups and 45 were criminal organisations. It was noted that 57 groups had corruption links, and 11 were transnational. Of these, 428 (41 criminal organisations) were investigated by the National Police of Ukraine, 22 (2 criminal organisations) by the Security Service of Ukraine, 21 (0 criminal organisations) by tax authorities, and 25 (1 criminal organisation) by the State Bureau of Investigation of Ukraine. The number of persons who committed criminal offences as part of organised groups or criminal organisations totalled 2,248, of which 360 were members of criminal organisations. The areas of activity of these individuals are also diverse, including the budget, banking and other sectors (Unified report, 2020; Unified report, 2023; Unified report, 2024; Statistics of Criminal Illegality, 2024).

If to analyse the statistical data published on the website of the Prosecutor General's Office, it can be said that in 2023 there were 82,609 registered criminal proceedings with qualifying signs of fraud under Art. 190(2)(4) of the Criminal Code, which is almost 3% more than in 2022. Although it was in 2022 that there was a significant increase in criminal offences related to fraudulent actions in Ukraine, namely 32,086 types of criminal offences. According

to the data for 2021, the number of registered and opened criminal offences under Article 190 of the CCU reached 23,847 criminal proceedings. As statistics show, in 2021, 30% of the total number of such criminal proceedings were sent to court, and in 2022-2024, this percentage dropped to 14-18%.

In 2023, 494 organised groups and criminal organisations were identified and criminal proceedings were initiated, of which 51 were criminal organisations (Unified report, 2020; Unified report, 2023; Unified report, 2024; Statistics of Criminal Illegality, 2024).

This may be due to both the war and the fact that fraudsters are currently using means and techniques that Ukrainian law enforcement and cybersecurity agencies were not prepared to investigate.

Some traditional economic crimes have moved into the category of cybercrime. The legalisation of the proceeds of crime is often carried out using modern computer technology in the financial and banking sectors. This crime is often referred to as "cyber money laundering". The use of technology to commit economic crimes increases their social danger, opens up new ways of committing them, facilitates the masking of traces of crimes and expands the geography of offences, reducing the role of state borders.

Cybercrime is currently one of the five most common forms of economic crime in Ukraine. At the same time, a survey of Ukrainian companies shows that 25% of organisations do not have policies and mechanisms for responding to cybercrime (Tkacheva, Naumenko, 2018).

Thus, the dynamics are characterised by a negative trend of gradual growth. It is worth remembering that one of the features of cybercrime is its high latency, which is due to various factors.

According to expert estimates, the level of latency of cybercrime is 80-85%. As for the structure, unlike the dynamics, the situation has hardly changed in recent years. Hence, in 2023, the structure was as follows: 59.1% (2,273) of all offences were registered under Article 361 of the Criminal Code of Ukraine, 0.9% (35) under Article 361-1 of the Criminal Code, 9.2% (165) under Article 361-2 of the Criminal Code, 35.2% (1,355) under Article 362 of the Criminal Code, 0.2% (11) under Article 363 of the Criminal Code, and 0.05% (2) under Article 366-1 of the Criminal Code. Similar statistics were available in previous years. The only thing that can be noticed when analysing the structure is that the number of registered criminal offences under Art. 361-1 and Art. 361-2 of the Criminal Code of Ukraine is constantly changing (Unified report, 2020; Unified report, 2023; Unified report, 2024; Statistics of Criminal Illegality, 2024).

The nature of cybercrime is interesting. For example, until 2022, there were no officially recorded particularly serious crimes or criminal offences. The situation changed in 2022, when the share of

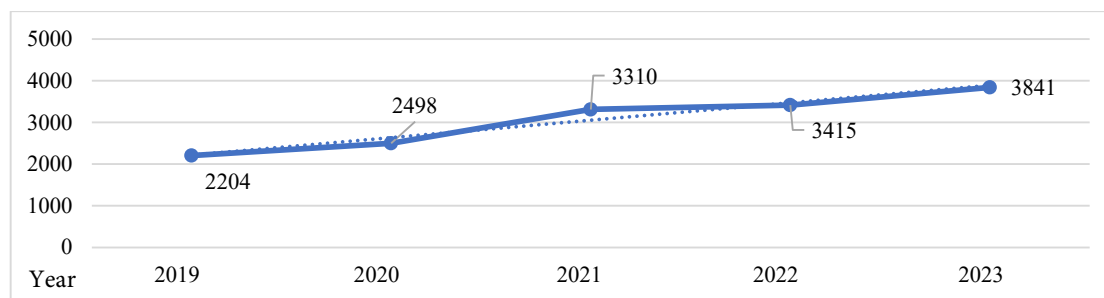


Figure 1. Dynamics of registered criminal offences related to cybercrime

Source: (Statistics of Criminal Illegality, 2024)

particularly serious crimes was 108 (3.1%), serious crimes – 2,151 (63%), minor crimes – 905 (26.6%) and misdemeanours - 247 (7.3%). In 2023, there was an even greater increase in particularly serious crimes, with a figure almost seven times higher than the previous year. The total number of registered crimes was 756, minor crimes 1400, criminal offences 431, and serious cybercrime 756. This decline can be attributed to the amendments introduced to the Ukrainian Criminal Code in 2022. For instance, Article 361 of the Ukrainian Criminal Code, which, as previously mentioned, registers the highest number of criminal proceedings, added "actions committed during martial law" as a qualifying feature of Part 5 (Unified report, 2020). Consequently, if martial law persists throughout 2025 and the dynamics of cybercrime continue to escalate, it can be deduced that this phenomenon will persist.

The geography of cybercrime is a subject that is both intriguing and deserving of consideration. To commence, it is necessary to define the geography of cybercrime in the pre-war period. In 2021, there was a shift in cybercrime to the west of Ukraine. Consequently, the Zakarpattia Oblast once again took the top spot, with 11.8% (392). Volyn and Lviv oblasts also had a high level of cybercrime: 11.4% and 10.1% (378 and 334), respectively. The lowest rate was recorded in Kharkiv Oblast, at 1.4%, a figure that underwent a complete change in 2022, when there was a surge in cybercrime in the region, reaching 21.1%, the highest rate of cybercrime in one city on record. Furthermore, the city of Kyiv experienced a 18% increase in cybercrime. However, the Zakarpattia Oblast, which had previously been the leader, was positioned at the bottom of the ranking at the onset of the full-scale invasion, with a percentage of 6.7% (Unified report, 2024; Statistics of Criminal Illegality, 2024).

An analysis of official statistics shows that economic crime accounts for only 6 per cent of the total number of crimes in Ukraine. That said, they remain extremely latent, with a real latency rate of 80-90%.

It is worth noting that there are different scientific approaches to classifying a cybercriminal, namely,

depending on the type of crime, method of commission, motivation, etc. For example, Tkacheva O.V. (Tkacheva, Naumenko, 2018) classifies them depending on the form of the act: active and passive. Thus, active cybercriminals are persons who carry out cyberterrorism, cyberstalking, and send threats of physical violence. The passive ones are characterised by cyber theft, cyber vandalism, and cyber fraud. The latter, in turn, are divided into: "hackers"; "crackers": "vandals", "jokers", "crackers"; "carders"; "fishers"; "spammers"; phreakers (phone + break = phreak); "cybercrooks" (Tkacheva, Naumenko, 2018).

In 2023, the National Police registered 710 proceedings on money laundering, served 452 suspicions and submitted 386 indictments to court. The Bureau of Economic Security opened 116 proceedings and served 23 suspicions, while NABU opened 32 proceedings with 14 suspicions. In 2024, from January to April, the police registered 300 proceedings, served 224 suspicions and handed over 108 indictments. The BES opened 54 proceedings, served 12 suspicions, and the NABU opened 15 proceedings.

The minimum amount for criminal liability for tax evasion in 2024 is 4.542 million UAH. Over the past year, the BES opened almost 700 proceedings, served 41 suspicion notices and submitted 7 indictments to the court. In 2024, in the first four months, 270 proceedings, 13 suspicions and 7 motions for exemption from criminal liability (Unified report (2023); Unified report (2024); Statistics of Criminal Illegality, (2024)). According to Article 212(4) of the CCU, persons may be released from criminal liability if they have paid taxes and compensated the state for damages prior to being prosecuted.

Fraud is the acquisition of another's property by deception. It is one of the most common financial crimes in Ukraine. In the first four months of 2024 alone, 31,000 proceedings were opened, 8,500 suspicions were served, and 5,000 indictments were sent to court. Last year, the police registered 82,000 proceedings and submitted 14,000 indictments to court (Unified report, 2024; Statistics of Criminal Illegality, 2024).

3. Legal Regulation of Financial Security of Ukraine

3.1. Legislative Acts of Financial Control and Monitoring

The legal regulation of financial security in Ukraine is based on a number of regulatory acts that define the basis for the economic stability of the state and provide protection against financial threats and crimes. The system of legal regulation of financial security in Ukraine includes key legislative acts covering a wide range of financial relations and legal liability for violations in the financial sector.

Financial control and monitoring are important components in the system of ensuring the country's financial security. Legislation in this area is aimed at creating effective mechanisms to combat financial crimes, corruption, tax evasion and other violations. The main regulations include the following:

The Law of Ukraine "On the Basic Principles of State Financial Control in Ukraine", the first edition of which was published in 1993. This law establishes the legal framework for conducting financial audits of state authorities, local self-government bodies and enterprises financed from the budget. The law defines the powers of the controlling bodies and the rules for conducting financial audits, facilitating the detection and elimination of violations (The Law of Ukraine "On the Basic Principles of State Financial Control in Ukraine", 2003).

The Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction". This law regulates the fight against money laundering. It is binding on all financial institutions, banks and other entities engaged in financial transactions. It establishes mechanisms for detecting and reporting suspicious transactions, as well as measures to block illicit funds. This act also regulates the activities of state authorities in financial monitoring and prevention of financing of terrorist organisations. The law is aimed at strengthening control over financial flows and ensuring the detection and suppression of terrorist financing schemes (The Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction", 2020).

In addition to the main laws governing financial security, Ukraine has other regulations that address specific aspects of financial relations, including the Law of Ukraine "On the National Bank of Ukraine" of 1999, which defines the role of the NBU in ensuring the stability of the financial system and protecting the financial interests of individuals and the state.

The Law of Ukraine "On Protection of Economic Competition" of 2001, which ensures fair competition in the market and prevents monopolisation of financial resources, which may lead to negative economic consequences.

The Law of Ukraine "On Banks and Banking Activities" as amended on 10 January 2025, which establishes the rules for regulating banking activities, defines measures to ensure the stability of financial institutions and protection against financial fraud (The Law of Ukraine "On Banks and Banking Activities", 2001).

The legal regulation of financial security in Ukraine is multifaceted and includes a number of legislative acts covering various aspects of financial relations, combating financial crime and ensuring economic stability. Legislation is constantly being improved in response to new challenges, such as the globalisation of financial flows, the growth of fraud and other threats that jeopardise the financial security of the state.

3.2. International Norms and Standards

International standards in the area of financial security are essential for ensuring the stability of financial systems, preventing financial crime and fighting corruption on a global scale. In Ukraine, as in other countries, international norms and recommendations in the field of financial security are actively applied. The two main international instruments that regulate these issues are the Financial Action Task Force (FATF) and the UN Convention against Corruption.

The Financial Action Task Force (FATF) is an international organisation established to develop and promote standards to combat money laundering and terrorist financing, as well as to ensure effective financial monitoring and control. The 40 FATF Recommendations are the main document containing international standards for anti-money laundering (AML) and combating the financing of terrorism (CFT). The Recommendations set out the requirements for states, financial institutions, lawyers and other financial sector participants to detect and stop illegal financial transactions. They cover key areas such as customer identification and verification (KYC), and how banking and financial institutions should conduct customer due diligence to prevent fraud and money laundering. Record-keeping and reporting: financial entities must keep and report information on financial transactions that may be suspicious. Monitoring and control is important: developing effective procedures to monitor financial transactions, including terrorist financing. International co-operation, the state should actively co-operate with other countries to exchange information on suspicious financial transactions and persons. Ukraine adopted the document on

25.06.2003 and is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL) (40 Recommendations of FATF, 2003).

The FATF also provides guidance on combating money laundering and terrorist financing in other sectors, such as currency exchange, law, insurance, etc.

The FATF conducts periodic assessments of the level of implementation of recommendations in different countries. Based on the results of the assessments, each country receives a rating that reflects the level of implementation of international standards. Countries that do not meet the basic standards may be blacklisted or greylisted, which affects their financial reputation and ability to attract international investment. On February 23, 2023, the membership of the Russian Federation was terminated (40 Recommendations of FATF, 2003).

The United Nations Convention against Corruption (UNCAC), adopted in 2003, is the main international legal instrument in the fight against corruption, which has a direct link to financial security. The Convention obliges states to take measures to prevent, detect and punish corruption offences in the public and private sectors. It is aimed at combating all forms of corruption, including bribery, money laundering, abuse of office, etc. The document envisages the creation of national programmes and bodies to prevent corruption, the establishment of ethical standards for civil servants, and the application of a system of openness and accountability in public finance management. The Convention requires states to criminalise all major forms of corruption, including bribery, influence peddling, misuse of public resources and laundering of the proceeds of corruption. Countries must co-operate with each other to effectively investigate corruption cases and enforce criminal sanctions, including through extradition and legal assistance. The Convention provides mechanisms for the return of illicitly obtained assets through corruption offences to the state where they were stolen.

The UN Convention against Corruption contributes to strengthening financial security by reducing the risks associated with corruption schemes that can lead to the loss of public resources, illicit financial flows and instability of the economic system (UN Convention, 2007).

Implementation of the FATF standards and the UN Convention against Corruption requires active participation of national authorities and institutions, as well as close co-operation with international organisations. To this end, Ukraine has established relevant bodies that work within the framework of international standards and monitor financial transactions in co-operation with other states and international organisations.

International standards, such as the FATF recommendations and the UN Convention against Corruption, are the basis for combating financial threats and corruption that undermine the economic stability of the state. They define legal and organisational measures to ensure financial security, develop a transparent economy and strengthen international confidence in Ukraine's financial system.

The European Union is an important regional actor in the field of financial security, actively implementing international standards and norms aimed at combating financial crimes, including money laundering, terrorist financing and economic crime. The EU has developed a number of directives and measures that establish a legal framework for effective criminal law protection of financial security. In addition, Europol and OLAF are important institutions for this work.

The European Union has adopted a number of directives regulating the fight against money laundering and terrorist financing. These directives create a legal framework for combating financial crime at the level of EU member states and have a direct impact on internal European policy. EU Directive 2015/849 (Fourth Anti-Money Laundering Directive). This directive is the main legal act establishing obligations for financial institutions and other financial market participants to prevent money laundering and terrorist financing within the EU. Its main provisions include the requirement that financial institutions must verify the identity of their customers, including through the "Know Your Customer" system, to identify suspicious transactions. Mandatory creation of public registers of beneficial owners of legal entities to prevent the use of companies for money laundering. The Directive promotes more effective coordination between financial institutions and authorities at the national and European levels.

EU Member States are required to conduct national risk assessments to identify possible vulnerabilities in their financial systems. In 2016, EU Directive 2018/843 (the Fifth Anti-Money Laundering Directive) was adopted. The adoption of this directive was motivated by the necessity to fortify anti-money laundering and counter-terrorist financing measures. The directive introduces several notable innovations, including the expansion of the group of individuals and entities bound by anti-money laundering requirements. This expansion encompasses cryptocurrency service providers. Furthermore, the directive enhances the accessibility of financial transaction information for law enforcement agencies and other relevant authorities.

EU Directive 2019/1937 (on the protection of whistleblowers) was published in 2019. This directive introduces a system of protection for persons

who report violations of the law, including violations related to financial crimes such as money laundering. It protects whistleblowers from reprisals (Kryshchanovych, Akimova, 2022).

Europol (European Union Agency for Law Enforcement Co-operation) is an agency of the European Union that fights organised crime, including financial crimes such as money laundering and terrorist financing. Europol plays an important role in the criminal law protection of financial security through the following aspects: ensuring the exchange of information between law enforcement agencies of EU Member States for the investigation of financial crimes; providing technical and analytical support in investigations of financial crimes, organised crime, terrorism and money laundering; and conducting EU-wide analysis of financial crimes, identifying new methods and trends in money laundering and terrorist financing.

The European Anti-Fraud Office (OLAF) is an agency of the European Union that specialises in the prevention of fraud, corruption and other violations that result in harm to the financial interests of the EU. The primary functions of OLAF in the domain of financial security encompass the investigation of fraud and corruption cases. The agency's investigative mandate encompasses fraud cases involving EU budgetary funds, with a key objective being the provision of assistance to national authorities in identifying and halting any irregularities.

The analysis and prevention of violations is a key aspect of OLAF's mandate, as the organisation is tasked with the active detection and prevention of financial crime through meticulous monitoring of financial resources originating from the EU budget. In order to combat financial crimes of a transnational nature, OLAF co-operates with other international and national organisations.

International experience in the criminal law protection of financial security, in particular within the EU, is important for strengthening the fight against financial crime. The EU Directives on money laundering and terrorist financing, as well as the work of institutions such as Europol and OLAF, ensure effective coordination, investigation and prevention of criminal offences at the European level. In Ukraine,

these international norms and practices should be taken into account when improving the national system of combating financial crimes.

Conclusions

Economic crime is one of the key threats to the financial security of the state, which complicates economic stability, undermines confidence in financial institutions and poses significant risks to Ukraine's national security. Socio-political changes, including the war with the Russian Federation, have increased the relevance of new approaches to researching this problem, reviewing methods of counteraction and updating the legislative framework.

Organised economic crime, which combines elements of the shadow economy and criminal schemes, requires comprehensive criminal law regulation, including the introduction of effective mechanisms to combat corruption, money laundering and tax evasion.

Cybercrime is a socially dangerous phenomenon that is the commission of criminal offences in virtual space (cyberspace) with the help of computer systems or through the use of computer networks and other means of access to virtual space. Due to the high level of latency, the dynamics of cybercrime has a negative upward trend, the share of particularly serious crimes in the structure is increasing, and the geography of cybercrime varies from year to year. Thus, countering cybercrime requires even more attention to develop an effective prevention strategy.

The effectiveness of the fight against economic crime can be improved by improving national legislation, intensifying international co-operation and introducing modern technologies for monitoring financial flows. Of particular importance is Ukraine's integration into international standards, such as the FATF recommendations and the UN Convention against Corruption.

An effective criminal law policy in the area of financial security should take into account current challenges, including cybercrime and the growth of organised criminal groups in foreign economic activity. Only a comprehensive approach that encompasses legal, economic and international aspects will ensure the necessary level of protection of the state's financial system and contribute to its stability.

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Received on: 13th of January, 2025
Accepted on: 27th of February, 2025
Published on: 26th of March, 2025