

THE ROLE OF INTERNATIONAL ORGANISATIONS IN FIGHTING TRANSBORDER ECONOMIC CRIME

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Abstract. The present article is devoted to an analysis of the role of international organisations in combating cross-border economic crime. The authors of the article analysed the role of international organisations in combating cross-border economic crime, which is defined as a complex and destructive phenomenon that threatens the economic security of states through the use of global trade, financial and logistical mechanisms for the purpose of illicit enrichment. The key features of cross-border crime are analysed, including the crossing of state borders, the use of border territories, stable cross-border connections of criminal groups and the formation of criminal markets. It has been determined that international organisations are key actors in the fight against cross-border economic crime due to its extraterritorial nature and the need for an integrated approach to combating it. The function of these bodies in establishing the global architecture for combating cross-border economic crime is analysed, with the architecture encompassing legal, institutional and operational aspects. It is emphasised that international organisations occupy a pivotal position in the development and promotion of universal and regional international legal instruments that establish standards for the criminalisation of specific categories of economic crimes and regulate matters of international legal assistance. It is noted that international organisations actively encourage operational co-operation between law enforcement agencies. This includes ensuring the exchange of information, creating secure communication channels, forming joint investigation teams and implementing technical assistance and capacity-building programmes for member states. It is emphasised that particular attention is paid to the development of standards and methodologies for combating money laundering and terrorist financing, monitoring compliance with international obligations, as well as strengthening anti-corruption mechanisms, promoting transparency and increasing accountability, which is critical for post-war reconstruction processes. However, the article identifies a number of challenges that hinder the maximum effectiveness of international organisations in combating cross-border economic crime. These include duplication of efforts, complicated information exchange due to bureaucratic obstacles, limited funding and staffing, significant differences in the capabilities of countries to combat cross-border crime, the rapid development of criminal technologies, and internal corruption in national systems.

Keywords: cross-border economic crime, international organisations, international co-operation, fight against crime.

JEL Classification: K10, O19

1. Introduction

The study is relevant because of the globalisation processes that contribute to the expansion of transnational economic ties, while also creating a favourable environment for the growth in the number and complexity of cross-border economic crimes. In contemporary conditions of integration

of global markets, accelerated development of digital technologies, transformation of financial flows and mobility of capital, economic crime is becoming increasingly organised, large-scale and latent in nature, which poses a significant threat to both national and international economic security. In order to effectively counteract such threats, it is necessary to implement

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consolidated efforts at the supranational level, with international organisations, in particular the UN, Interpol, Europol, the FATF and other institutions that coordinate the efforts of states, developing standards and mechanisms of co-operation, as well as monitoring the implementation of international obligations, playing a leading role. The study of the functional potential of these organisations, and the analysis of their regulatory, coordination and analytical activities in the field of combating economic crime, is of great scientific and practical importance. In light of the imperative to establish an effective model of interaction between states and international structures in the face of escalating threats to financial stability and the integrity of the global economy, research into the role of international organisations in combating cross-border economic crime is of paramount importance and addresses contemporary challenges in the field of international security and law and order. The purpose of the present article is to undertake a rigorous examination of the role that international organisations play in the fight against cross-border economic crime.

2. Literature Review

In light of the profound challenges associated with the updating, enhancement, modification, and expansion of the legislative framework for the prevention of cross-border economic crime, the neutralisation of the underlying causes and conditions for the commission of such criminal offences under martial law in Ukraine, as well as the obstruction of channels, sources, and opportunities for their perpetration, a pivotal domain of activity in enhancing such counteraction is the theoretical development of the issues raised. This theoretical contribution was made by the following domestic scientists: V. V. Babanina, A. M. Babenko, V. M. Bilokonev, I. V. Bodnar, V. V. Bondarev, V. O. Bugaev, M. B. Golovko, N. A. Dmytrenko, S. F. Denisov, I. M. Koropatnik, Ya. S. Kulikina, Yu. B. Kurylyuk, I. I. Mytrofanov, V. O. Navrotsky, T. B. Nikolayenko, A. S. Ovcharenko, M. I. Panov, O. R. Polegenka, V. P. Popovych, A. O. Reva, O. M. Sarnavskiy, O. V. Stolyarskiy, V. M. Stratonov, E. L. Streltsov, M. S. Turkot, M. I. Khavronyuk, S. O. Kharitonov, I. O. Khar, G. I. Changuli, V. V. Shablysty, O. O. Shkuta and others.

3. Materials and Methods

The present study draws upon the extant body of research conducted by scholars from Ukraine and other countries, which has sought to explore methodological approaches to understanding the issues of preventing crime.

The study employed general scientific and specialised methods, particularly hermeneutics to understand and interpret texts from scientific articles, monographs and educational materials. This approach helped to reveal the content of the issues raised. Sociological methods were used to clarify the views of scientists and practitioners on the causes and circumstances of economic crime. Dogmatic methods were employed to identify positive foreign experience in preventing economic crime, and a statistical method was used to analyse statistical data on economic crime.

4. Results and Discussion

The definition of the concept and characteristics of transborder crime contributes to a common understanding and harmonisation of international and national legislation, which allows countries to use unified terminology and eliminate legal gaps, simplifying the extradition of criminals and mutual legal assistance, developing targeted strategies and policies, effectively allocating resources and setting priorities in countering specific threats of transnational crime. Such understanding is also critical for the strengthening of international co-operation and interaction, including the exchange of information, the conducting of joint operations in the field of combating transborder crime, and the strengthening of trust between law enforcement agencies of different states. The establishment of a precise definition is instrumental in overcoming jurisdictional barriers, resolving conflicts, and expanding the capacities of international organisations to effectively collect comparable data. In the absence of a unified approach, transnational organised crime will readily exploit legal discrepancies and gaps in its activities.

In academic theory, there are various approaches to understanding the concept and essence of cross-border crime. In this study, the most comprehensive definition of cross-border crime is that proposed by S. O. Filippov, who defines it as an open social system that "mediates a destructive phenomenon inherent in the individual and his or her activities, which, in its manifestation – a statistical set of crimes committed within a certain territory over a specific period of time – is relatively large-scale and historically variable, and the parameters of which characterise the level of dynamic equilibrium between social institutions and individual activity in cross-border relations" (Filippov, 2019).

The following characteristics are indicative of cross-border crime: the transgression of the state border of one or more states; the utilisation of border territories and infrastructure for the execution of criminal schemes; the presence of communication and stable cross-border ties among participants in criminal

groups; the formation of criminal markets and traffic for the movement of prohibited goods, services or persons; the motives of obtaining significant illegal benefits, which is the driving force of such activities; and the adaptability and flexibility of criminal groups to changes in the legal field and control.

In particular, the transnational and cross-border nature of crime highlights the necessity of coordinated international efforts and co-operation between law enforcement agencies of different states to ensure effective counteraction. Article 3, paragraph 2, of the United Nations Convention against Transnational Organized Crime (2000) states that "a crime is transnational in nature if: a) it is committed in more than one State; b) it is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State; c) it is committed in one State, but with the participation of an organized criminal group that carries out criminal activities in more than one State; or d) it is committed in one State, but its substantial consequences take place in another State. In particular, countries 'involved' in the transnational crime system have such roles as 'countries of origin of criminal goods and services, transit countries, recipient countries, countries in which proceeds of crime are laundered, etc.'" (Orlovska, 2018) The roles of these actors frequently intersect, and a single state may assume multiple functions, thus establishing a intricate network of interdependencies. This complicates the effective counteraction to transnational crime, necessitating enhanced international co-operation, information exchange, and coordination of law enforcement efforts on a global scale. In particular, cross-border drug trafficking, as a deeply integrated economic crime, uses global economic mechanisms to obtain criminal profits, causing enormous damage to the legal economy and social development of countries. It is evident that there are clearly defined trafficking routes through countries, where each state can play the role of a country of origin, transit or consumer country. For instance, due to its geographical location, Ukraine has historically been considered by international criminal groups as an important transit hub for drug trafficking. It is located at the intersection of East and West, and thus forms part of the so-called "Northern Route" for heroin from Afghanistan to the European Union countries (Fig. 1). Furthermore, it can also act as a transit route for cocaine from South America and synthetic drugs produced in Europe.

With regard to the particulars of economic cross-border crime, it is imperative to concentrate on its tendency to acquire illegal financial profits through the exploitation and manipulation of legitimate economic mechanisms, systems and instruments on an international scale. According to O.I. Khoronovsky,

"transnational organised crime to the detriment of the economic interests of the state" should be understood as "organised criminal activity in the sphere of legal and illegal economic activity, which is carried out in two or more states, is characterised by exclusively self-serving motives, a stable and developed structure, the specifics of the crimes committed, which undermine the sustainable development of the national economy" (Khoronovsky, 2021). Therefore, according to the authors, cross-border economic crime is a complex, dynamic and destructive phenomenon that manifests itself in the form of a complex of interrelated criminal acts of an economic nature directly related to the crossing of state borders or the involvement of the economic systems of at least two states for the purpose of illegal enrichment, the use and distortion of global trade, financial and logistical mechanisms, which poses a threat to economic security, undermines legitimate markets and requires coordinated international response measures.

International organisations play a pivotal role in the global effort to combat cross-border economic crime, a domain characterised by the extraterritorial reach of such activities and the necessity of an integrated approach to addressing these issues. The purpose of these entities is to establish a global architecture of counteraction, encompassing legal, institutional and operational dimensions.

The main functions of international organisations in combating transnational economic crime include the following:

1. International organisations play a pivotal role in the development and promotion of universal and regional international legal instruments, such as conventions, treaties and protocols. These instruments establish standards for the criminalisation of certain types of economic crimes (e.g., money laundering, terrorist financing and corruption) and determine mechanisms for international legal assistance (extradition, mutual legal assistance). They also regulate the issue of asset recovery. For example, the United Nations' role includes adopting key international legal instruments such as the United Nations Convention against Transnational Organized Crime (2000), as well as performing functions that ensure the formation of a global consensus and the creation of effective legal standards to combat transnational economic crime (Leheza, 2022).

2. The present paper sets out the argument that international organisations should be encouraged to work together more closely in order to combat transnational economic crime. In particular, international organisations provide platforms for the exchange of intelligence and operational data between law enforcement agencies of different jurisdictions. Such platforms may take the form of secure communication channels, the establishment of joint

investigation teams, and the development of protocols for rapid response to cross-border criminal schemes.

3. International organisations implement technical assistance and capacity-building programmes for member states, including the training of specialists (investigators, prosecutors, judges), consulting on improving national legislation, implementing advanced investigation methodologies and developing expert capabilities in the field of financial investigations. For example, according to official information from the Interpol Ukraine office, the organisation has the right to "participate in the preparation and implementation of state and public programs and measures for the development of criminal law and crime prevention; establish and develop humanitarian ties, exchange of information and specialists in accordance with the statutory goals and areas of activity of the organization; participate in the organization and financing, as well as independently hold conferences, seminars and other events related to the statutory goals and areas of activity of the organization; to establish, receive and provide awards, scholarships, grants and other forms of incentives and support aimed at achieving the goals of the organization's activities" (Halunko, 2021).

4. The development of standards and methodologies is imperative in order to combat various aspects of transnational economic crime, in particular money laundering and terrorist financing. The Financial Action Task Force (FATF) is a prime exemplar in this regard, as it is responsible for formulating global standards and conducting mutual assessments of national systems for combating financial crime. In particular, the FATF Recommendations "International Standards for Combating Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction" represent "a comprehensive and consistent system of measures that should be implemented by countries to combat money laundering and the financing of terrorism, as well as the financing of the proliferation of weapons of mass destruction" (Shkuta, 2022).

5. International organisations are responsible for monitoring compliance by member states with international obligations and assessing the effectiveness of their national systems for combating transnational economic crime. This process enables the identification of gaps and the provision of targeted recommendations for their elimination. For example, the FATF will conduct the fourth round of peer reviews of its members in 2025. These reviews are based on the FATF Recommendations and its methodology, and focus on two interrelated components: technical compliance (verifying the existence of the necessary anti-money laundering/countering the financing of terrorism (AML/CFT) laws and institutional frameworks), and effectiveness (assessing the actual operation of

AML/CFT systems and the achievement of specified results).

6. In light of the correlation between corruption and transnational economic crime, a significant proportion of international organisations' activities are aimed at strengthening anti-corruption mechanisms, promoting transparency in public administration, and enhancing accountability. The United Nations Office on Drugs and Crime (UNODC), for example, is the depositary of the United Nations Convention against Corruption (UNCAC), the only universal, legally binding instrument to combat corruption. It is therefore actively supporting Ukraine in strengthening its anti-corruption infrastructure and prosecution system. Thus, in June 2024, the second cycle of the UNCAC review for Ukraine resumed. This focuses on preventive measures and asset recovery, allowing the assessment of existing anti-corruption policies and practices. It will also identify successful examples of corruption prevention and formulate recommendations for improving the anti-corruption mechanism. Furthermore, it will pinpoint areas where technical assistance is needed, which is crucial for supporting Ukraine's post-war reconstruction efforts (Shkuta, 2022).

In the fight against transnational economic crime, international organisations play a key role by integrating efforts to combat cross-border crime on a global scale. Their activities are crucial for establishing a unified legal framework, enhancing the operational efficiency of national institutions, and ensuring collective security in the fight against financial crimes. For instance, the institutional influence of international organisations on transnational economic crime can be categorised as follows: 1) Interpol facilitates global co-operation between police forces, providing access to databases and search tools; 2) Europol functions as a centre for the exchange of information and analytical support for EU law enforcement agencies, coordinating joint investigations, including transnational economic crimes; 3) The Council of Europe, through bodies such as GRECO, monitors anti-corruption measures and promotes the development of relevant legal instruments; 4) The United Nations, in particular through the UN Office on Drugs and Crime, provides technical assistance, develops international standards and supports the implementation of conventions, etc.

Despite the significant and indispensable role of international organisations in the fight against cross-border economic crime, there are numerous shortcomings and challenges in this area that prevent the maximum effectiveness of their efforts. In particular, the following issues can be identified: international organisations, as a rule, do not have direct authority over sovereign states, since their activities often depend on the political will and readiness of countries to co-operate; despite the

existence of international standards, states may be reluctant to harmonise their national legislation due to differences in legal systems, political or economic interests, or insufficient institutional capacity; international organisations also lack universal criminal jurisdiction, therefore investigation and prosecution remain the prerogative of national states, which may create "safe zones" for offenders; the large number of international and regional bodies addressing various aspects of economic crime can lead to duplication of efforts, competition for resources, and inconsistency in approaches if coordination among them is inadequate; intergovernmental co-operation in the exchange of intelligence and operational information is often hampered by bureaucratic obstacles, mistrust, concerns about data leakage, or differences in legal norms on confidentiality; divergent legal systems, language barriers, time zones, and variations in national procedures further complicate the prompt and effective conduct of joint cross-border investigations; many international organisations operate under limited funding and staffing, which restricts their ability to provide large-scale technical assistance, conduct effective monitoring, or respond swiftly to emerging threats; despite numerous capacity-building programmes, significant disparities persist between countries in their ability to combat economic crime, as some lack adequate financial, technical, or human resources to fully implement international standards; transnational economic crime increasingly employs advanced technologies – such as cybercrime and cryptocurrencies – while law enforcement agencies and international organisations in many countries may lag behind in developing the technical capacities required to detect and investigate such crimes; the emergence of new forms of economic crime (e.g., manipulation of cryptocurrencies, illicit financial flows through the metaverse) necessitates the continual updating of legal frameworks and methodologies for countering transnational economic crime, which is inherently a long-term process; finally, internal corruption within the law enforcement, judicial, or political systems of countries participating in international anti-corruption initiatives can nullify the effectiveness of international efforts (Shkuta, 2022).

5. Conclusions

Cross-border economic crime is a complex, dynamic and destructive phenomenon, manifested in a set of interconnected criminal acts of an economic nature. These acts involve the crossing of a state border or the involvement of the economic systems of at least two states for the purpose of illicit enrichment, using and distorting global trade, financial and logistical mechanisms. This poses a threat to economic security, undermines legitimate markets and requires a coordinated international response.

International organisations play a pivotal role in the global effort to combat cross-border economic crime, a domain characterised by its extraterritorial reach and the necessity for an integrated approach. The activities of the aforementioned body include the establishment of a global architecture of counteraction through the development of international legal instruments that establish standards for the criminalisation of economic crimes and regulate issues of international legal assistance. In addition, the organisation in question stimulates operational co-operation, provides platforms for the exchange of intelligence and facilitates the creation of joint investigative teams. International organisations also implement technical assistance and capacity-building programmes for member states, including training specialists and providing advice on improving national legislation. Important areas of activity for international organisations in combatting transnational economic crimes include developing standards and methodologies for tackling money laundering and terrorist financing, monitoring states' compliance with international obligations, and assessing the effectiveness of their crime-fighting systems. Other activities include strengthening anti-corruption mechanisms. Despite the significant role of international organisations in combating cross-border economic crime, their effectiveness is limited by a number of factors. These include the lack of direct authority over sovereign states, difficulties in harmonising national legislation, the absence of universal criminal jurisdiction, duplication of efforts, bureaucratic obstacles to information exchange, limited funding, differences in the potential of countries and the constant development of technologies used by criminals.

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Received on: 27th of July, 2025

Accepted on: 30th of August, 2025

Published on: 29th of October, 2025