

FINANCING AND FACILITATING TERRORISM AS A CAUSE OF ECONOMIC, POLITICAL AND SOCIAL PROBLEMS IN THE STATE

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Abstract. The *purpose of the paper* is to examine the financing and other facilitation of terrorism as a cause of economic, political and social problems in the state and the problems of countering them. *Results.* The research is based on an analysis of the regulatory framework for defining terrorism and liability for financing terrorism and other forms of facilitating such socially dangerous illegal activities in Ukraine and in accordance with the provisions of international law. The concept and characteristics of terrorism and its financing are described. The problems of countering terrorist financing and the peculiarities of defining the concept of 'terrorism' are examined, as are the signs of terrorist financing. In particular, one of the main objective signs of this criminal offence, the subject matter, is analysed in detail. The argument is put forward that the subject matter of the offence in question should be material assets, including both movable and immovable property (such as cash, cryptocurrency and property rights), while actions of a property nature should be considered to constitute an accessory to the relevant terrorist offence. The problems of financial monitoring as one of the areas of countering terrorist financing are being studied. *Value/Originality.* Financing terrorism is one of the terrorist offences for which liability is provided for by Ukrainian law. A detailed description of the characteristics of this illegal activity can help to increase the effectiveness of countering it and terrorism in general. The article proves that awareness and accurate identification of the subject of terrorist financing are key prerequisites for effectively countering this threat. Law enforcement agencies and financial institutions can only create effective mechanisms for detecting, monitoring and blocking suspicious flows if they have clear information about the specific resources used to support terrorist networks.

Keywords: financing, facilitation, terrorism, economic problems, political problems, social problems, international law, financial monitoring, cryptocurrency.

JEL Classification: A13, D63, H56, H87, K14, K33, K42

1. Introduction

The study is devoted to issues related to determining the nature and characteristics of such unlawful acts as financing and facilitating terrorism, which, among other things, is not only a particularly dangerous criminal offence, but also one of the causes of economic, political and social problems in the state.

Terrorism is regarded as one of the most dangerous social phenomena of the modern era, given its capacity to combine criminal activity, ideological pressure and threats to national and international security. Its danger manifests itself in several aspects: threats to human life and health; undermining social stability; political

dimensions; economic consequences; international danger, etc. Due to globalisation, terrorist networks extend beyond the borders of a single state, creating transnational threats that require joint countermeasures. In other words, terrorism is not only a particularly serious crime, but also a socially dangerous phenomenon that threatens the basic values of society, such as life, health, freedom, as well as the economic security and stability of the state. Therefore, any form of support for terrorism, including its financing, poses a particularly serious threat not only to individual states or societies, but also to international security as a whole. Such manifestations require comprehensive

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and decisive countermeasures from the state and the international community aimed at preventing the spread of terrorist activity and minimising its consequences.

When analysing scientific literature on this issue, it is worth noting the works of such scholars as V. Antypenko, O. Balychev, O. Baranov, I. Butsenko, A. Vlasov, V. Hlushkov, L. Demydova, T. Dmytrenko, V. Yemelianov, T. Yefymenko, V. Krutov, S. Larin, V. Lipkan, Yu. Lutsenko, D. Melnyk, V. Rysin, M. Semykin, K. Khomiak and others. The study examined both specific problematic aspects of understanding the concept and essence of terrorism and its financing from a legal and economic point of view, as well as issues related to the prevention of such illegal activities in philosophical, historical, legal, political, public administration and other aspects of social relations. Both domestic and foreign scholars are actively raising issues related to countering the financing of terrorism and other terrorist activities, in particular such as A. Babenko, O. Vovchenko, V. Hadzhiiev, V. Kononenko, Ye. Korotkova, V. Konchakovska, L. Novikova, O. Pereverzieva, I. Pozihun, M. Fridman-Kozachenko, H. Chornyi, D. Shyian, Y. Alexander, C. Winn, W. Biernatzki, G. Weimann and others. However, given the specific nature of this process, there is a need for a comprehensive approach to its study, combining legal and financial aspects. That is why attention should also be paid to scientific works concerning, for example, financial monitoring as a means of combating money laundering and terrorist financing, such as: "International legal regulation of counteraction to money laundering and terrorist financing: problems and ways of solution" (Karvatska S. B., Yaremchuk V. V., 2025); "Financial monitoring of business entities under martial law" (Kushnir N. B., Adamchuk T. L., Tsaruk D. S., 2022) and so forth.

2. Problems of Defining the Concept of "Terrorism"

In Ukraine, today, the legal basis for countering terrorism is regulated by: the Constitution of Ukraine; the Criminal Code of Ukraine (hereinafter referred to as the CC of Ukraine), namely Articles 258–258-6 of Section IX of the Special Part of the CC, "Criminal Offences against Public Safety"; the Law of Ukraine "On Fight against Terrorism" of March 20, 2003, No. 638-IV; 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" of October 14, 2014, No. 1702-VII; the European Convention on the Suppression of Terrorism of 1977; the International Convention for the Suppression of Terrorist Bombings of 1997; the International

Convention for the Suppression of the Financing of Terrorism of 1999; the International Convention for the Suppression of Acts of Nuclear Terrorism of 2005; other international treaties of Ukraine, the binding nature of which has been approved by the Verkhovna Rada of Ukraine; decrees of the President of Ukraine; resolutions and orders of the Cabinet of Ministers of Ukraine and other regulatory and legal acts adopted in pursuance of the laws of Ukraine.

Article 1 of the Law of Ukraine "On Fighting against Terrorism" No. 638-IV of 20 March 2003 states that "terrorism" should be understood as socially dangerous activities consisting of the deliberate, purposeful use of violence through hostage-taking, arson, murder, torture, intimidation of the population and authorities, or other attacks on the life or health of innocent people, or threats to commit criminal acts in order to achieve criminal goals (The Law of Ukraine "On Fight against Terrorism", 2003). An analysis of this definition leads to the conclusion that terrorism is considered in national legislation to be a socially dangerous activity based on the use of violence or the threat of its use to achieve criminal goals. At the same time, international terrorism is distinguished by its scale, the involvement of organised groups and even the support of individual states, which significantly increases its danger to the world.

For the most part, researchers define the phenomenon of terrorism through the prism of legal and political sciences. Sometimes an economic component is also applied (with regard to issues of financing terrorism or other forms of aiding and abetting it, related to the provision of some kind of assistance).

In their approaches to characterising terrorism, scholars express different positions. Thus, V. Yemelianov (2011) considers it exclusively as a crime, denying the possibility of interpreting this phenomenon as a form of political influence. At the same time, V. Antypenko (1999) emphasises that in the mechanism of terror, it is not so much the motives behind individual terrorist acts that are of key importance, but rather general political factors, which are often reinforced by national, religious or other ideological ideas, giving terrorism, above all, a political meaning. V. Konchakovska defines terrorism as illegal, socially dangerous activity consisting of the deliberate use of violence by individuals or groups of individuals through hostage-taking, kidnapping, use of weapons, torture or the commission or threat of other attacks on human life and health in order to achieve terrorist goals (Konchakovska, Kravchuk, 2016), without specifying what that goal might be. Does it imply terrorist interference in politics? In turn, I. Ryzhov, researching the problems of terrorism within the framework of the socio-philosophical aspect, invests this concept not only with political but also religious essence or origins. He understands terrorism as a certain ideology

and social process associated with specific actions. The scientist notes that any processes occur in the social system, depending on the state of society, social structures and the conditions of society's existence. In this case, specific actions are the commission of crimes related to terrorism or the promotion of terrorism in other ways (Ryzhov, 2012). Therefore, some researchers consider terrorism exclusively as a crime, others focus on its political, ideological or religious components, and some concentrate on describing this phenomenon as socially dangerous activity expressed in the use of violent methods. Thus, the concept of terrorism combines criminal law, political, socio-philosophical and ideological dimensions, which necessitates its comprehensive study. At the same time, the European Convention on the Suppression of Terrorism emphasises that none of the following offences may be regarded as a political offence or as an offence connected with a political offence or as an offence inspired by political motives: 1) an offence defined in the Convention for the Suppression of Unlawful Seizure of Aircraft, signed in The Hague on December 16, 1970 (995_167); 2) an offence defined in the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed in Montreal on September 23, 1971 (995_165); 3) a serious crime involving an attack on the life, physical integrity or liberty of persons enjoying international protection, including diplomatic agents; 4) a crime involving kidnapping, hostage-taking or serious illegal detention; 5) crimes involving the use of bombs, grenades, rockets, automatic firearms or explosive letters or parcels, if this results in a threat to persons; 6) attempting to commit any of the above crimes or participating as an accomplice in the commission or attempted commission of such a crime (European Convention on the Suppression of Terrorism, 1977). However, in fact, all of the above acts are terrorist in nature and may threaten not only the safety of individual citizens or legal entities, but also national security as a whole. UN Security Council Resolution No. 1566 of 2004 also states that terrorist acts include criminal acts, in particular against civilians, with the aim of causing death or serious bodily injury, with the aim of intimidating the population or coercing the government or international organisations into taking certain actions or inaction. The 1999 UN Convention for the Suppression of the Financing of Terrorism defines a terrorist act as an act intended to cause death or serious bodily injury to civilians (or other persons not involved in hostilities) with the aim of intimidating the population or state authorities (The Practical Guide to Humanitarian Law, 2024). International humanitarian and criminal law discourse recognises that terrorism has both a criminal law dimension (the commission of crimes) and a political or ideological

motive, and is often used as a tactic of violence (Ben Saul, 2008). Therefore, based on an analysis of various sources, the international legal definition of terrorism usually includes the following elements: 1) violence or the threat of violence directed at civilians, non-conflict objects or persons not involved in hostilities; 2) a political, ideological or religious motive, or other purpose that goes beyond personal harm; 3) the aim of intimidating the population or coercing state bodies/international organisations into certain actions or inaction.

In legal science, terrorism is often interpreted as the direct commission of a terrorist act. In other words, some researchers effectively equate the concepts of "terrorism" and "terrorist act" (Syniehubov, 2018). Analysing the legislator's approach to defining the concept and essence of terrorism, it can be seen that the main emphasis is also placed on the commission of a terrorist act (acts). At the same time, other forms of activity aimed at ensuring the possibility or effectiveness of terrorism, in particular financing or other assistance, remain outside the direct definition of terrorism, although the text of the Law of Ukraine "On Fighting against Terrorism" does mention the concept of "activity". Most Ukrainian scholars share this view. At the same time, it is important to clearly distinguish between the concepts of "terrorism" and "terrorist act". Terrorism is a broader category that covers a whole range of socially dangerous actions, while a terrorist act is, rather, a specific form of terrorism, its end result or means of implementation. In this context, terrorism should be viewed as a systemic phenomenon that includes not only violent acts, but also organisational, financial, ideological and informational support for such acts. Defining the boundaries between these concepts is of practical importance, as it affects the classification of criminal offences and the effectiveness of the application of criminal law. Thus, a clear theoretical and legal distinction between the terms "terrorism" and "terrorist act" provides the basis for the formation of a comprehensive system to counter terrorist activities. The concept of "terrorism" itself should cover all types of terrorist acts. According to the Criminal Code of Ukraine, these include: terrorist acts (Article 258); involvement in terrorist acts (Article 258-1); public calls for terrorist acts (Article 258-2); creation of a terrorist group or terrorist organisation (Article 258-3); aiding and abetting a terrorist act, undergoing training in terrorism (Article 258-4); financing terrorism (Article 258-5); crossing the state border of Ukraine for terrorist purposes (Article 258-6). Some scholars also distinguish so-called criminal offences related to terrorism, i.e., those that may, in one way or another, contribute to the commission of a terrorist act (or other terrorist criminal offences) (Balychev, 2019).

These may include, in particular, acts provided for by such provisions of the Criminal Code as: Article 261; Article 263; Article 263-1; Article 265-1; Article 269; Article 115; Article 146; Article 147; Article 201; Article 194(2), etc.

This system of domestic definition of acts related to terrorism can be represented using the following diagram (Diagram 1).

To summarise the above, it can be concluded that the concept of "terrorism" is a complex category that covers not only the direct commission of terrorist acts, but also any actions aimed at their preparation, financing, organisation or facilitation. The legislator distinguishes a number of criminal offences that constitute terrorist acts (Articles 258–258-6 of the Criminal Code of Ukraine), as well as related offences that facilitate terrorist activities, ranging from the illegal circulation of weapons or explosives to kidnapping and the dangerous destruction of property. Thus, in national law, terrorism appears as a multifaceted phenomenon combining direct violent actions with auxiliary processes that ensure or stimulate their implementation.

3. Terrorism Financing: Identifying Signs and Countermeasures

According to Article 258-5 of the Criminal Code of Ukraine, financing terrorism is expressed in the provision, collection or storage of any assets, directly or indirectly, for the purpose of their use or with the awareness that they will be used, in whole or in part, for any purpose by an individual terrorist or terrorist group (organisation), or for the organisation, preparation or commission of a terrorist act, involvement in the commission of a terrorist act, public calls for the commission of a terrorist act, the creation of a terrorist group (organisation), facilitation of a terrorist act, training in terrorism, crossing the state border of Ukraine for terrorist purposes, conducting any other terrorist activity, as well as attempts to commit such acts (The Criminal Code of Ukraine, 2001). That is, the disposition of Article 258-5 of the Criminal Code of Ukraine directly indicates the act (as a sign of the objective side) and the purpose of committing the criminal offence under investigation, without specifying its subject matter, but only emphasising the category of "assets".

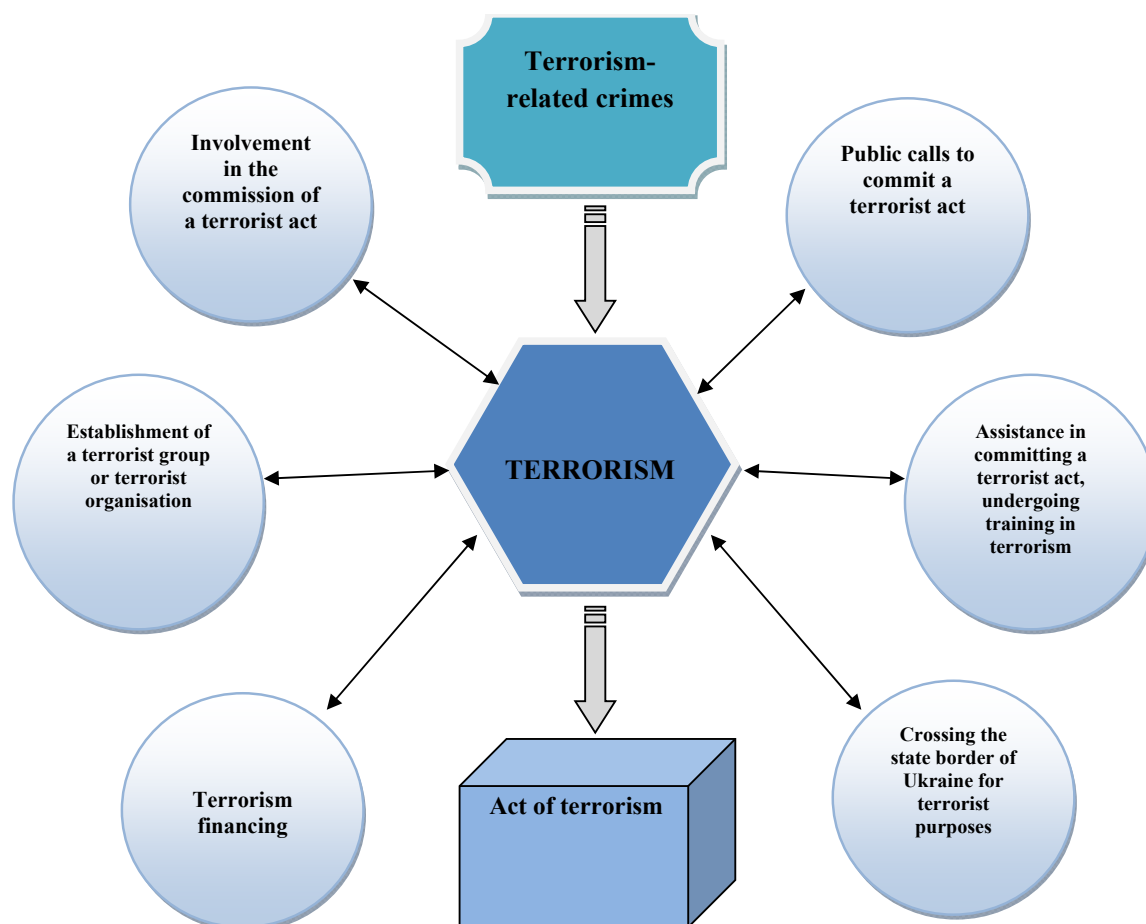


Diagram 1. The interconnection between terrorist criminal offences under Ukrainian law and the place of financing terrorism in this system

However, this feature is key to qualifying the financing of terrorism.

When defining the subject of terrorist financing, L. Novikova (2006) notes that it should be recognised as: money; other monetary means (financial assets); property; other tangible assets; intangible assets. In other words, according to the researcher, the subject of terrorist financing is broad in nature and covers not only cash, but also any tangible or intangible resources that can be used to support terrorist activities. This approach allows for more comprehensive identification and blocking of channels of financial support for terrorism, which is an important component of effective counterterrorism.

When analysing the issue of defining terrorist financing, I. Butsenko (2019) emphasises the need to consider its two main components: material resources and financial support, including funds in national or foreign currency, as well as securities such as shares, bonds and cheques. Researcher V. Dranyi (2013) notes that the subject of such financing includes funds (national or foreign currency), property (including securities), and property rights. In his opinion, non-property rights cannot be the subject of this act, since they have no material or financial content. This statement is worth agreeing with, since the concept of "financing", according to the explanatory dictionary of the Ukrainian language, means providing someone or something with monetary or other financial resources, i.e., it presupposes the existence of a material basis (*Explanatory dictionary of the Ukrainian language*, 2024). In turn, D. Melnyk even mentions cryptocurrency as a subject of criminal offences under Article 258-5 of the Criminal Code of Ukraine. The author concludes that the threats associated with the use of cryptocurrencies in illegal activities in Ukraine (in particular, in relation to the financing of terrorism or other criminal activities) have become particularly significant in connection with: 1) the growth of transnational organised crime; 2) an increase in the number of terrorist acts in Ukraine and around the world; 3) the hybrid war against Ukraine unleashed by the Russian Federation. According to D. Melnyk (2023), this problem emerged as early as 2018.

In summary, the above scientific approaches conclude that terrorist financing is a complex subject, covering material and financial resources that can take various forms, from cash and property to modern assets such as cryptocurrency. Despite certain differences in scientific positions, most researchers agree that the key feature of the subject of terrorist financing is material or economic value that can be used to ensure, support or develop terrorist activities. This indicates the need for a constantly updated legal approach to defining the subject of this criminal offence in line with current financial trends and technological challenges.

According to Article 1 of the Law of Ukraine "On Fighting against Terrorism", financing terrorism is defined as the provision or collection of assets of any kind with the knowledge that they will be used, in whole or in part: 1) for any purpose (by an individual terrorist, terrorist group or terrorist organisation); 2) for the organisation, preparation and commission by an individual terrorist, terrorist group or terrorist organisation of the following acts defined by the Criminal Code of Ukraine: a terrorist act; involvement in the commission of a terrorist act; public calls to commit a terrorist act; creation of a terrorist group or terrorist organisation; facilitation of a terrorist act; any other terrorist activity. In addition, attempts to carry out such actions are recognised as financing (The Law of Ukraine "On Fight against Terrorism", 2003). Assets related to the financing of terrorism and financial transactions subject to suspension in accordance with decisions adopted on the basis of UN Security Council resolutions, in accordance with applicable law, shall be understood to mean funds, property, property rights and non-property rights that are wholly or partly, directly or indirectly owned or controlled by persons involved in terrorist activities or subject to international sanctions. This category also includes assets obtained from, or derived from, such sources, as well as other resources belonging to the aforementioned persons. Therefore, the subject of terrorist financing is any kind of asset, which can take various forms, such as cash, property, property rights, and even non-property rights. However, the inclusion of non-property rights in this category is a matter of academic debate, since such rights are not necessarily material or financial in nature, which makes them difficult to consider as a means of financing or supporting terrorist activities.

It should be emphasised once again that in defining terrorist financing, the legislator uses the term "assets" without taking into account its sectoral specificity. This concept is typical for economic science, where assets are understood as the totality of tangible and intangible values of an enterprise or organisation, including buildings, equipment, inventories, cash resources, investments, intellectual property rights, and so forth (Zavadskyi, Osovska, Yushkevych, 2006). However, not all elements that are assets in the economic sense can be used to finance terrorism. In particular, the results of intellectual activity are not of a financial or material nature and should therefore be considered as another form of facilitating terrorist activity, as provided for in Article 258-4 of the Criminal Code of Ukraine. Only finances obtained as a result of intellectual activity can be considered the subject of financing.

Paragraph 1 of Article 4 of the Customs Code of Ukraine states that currency values should be recognised as: national and foreign currency, as well

as bank metals, payment documents and securities (The Customs Code of Ukraine, 2012). In addition, according to Resolution No. 10 of the Plenum of the Supreme Court of Ukraine dated November 6, 2009, "On Judicial Practice in Cases of Crimes Against Property", the following are recognized as property: cash, shares and other securities, vehicles, apartments, residential buildings, industrial property, consumer property, manufactured products, household items, productive and working livestock, and means of production (Resolutions of the Plenum of the Supreme Court of Ukraine in Criminal Cases, 2009). Thus, the concept of 'property' covers both objects for personal use and means related to economic activity that have material or financial value. Also, Article 190 of the Civil Code of Ukraine emphasises that property should be considered as individual items (movable or immovable), a collection of items, property rights and obligations (The Civil Code of Ukraine, 2003). Therefore, it can be noted that the subject of the criminal offence under consideration should be considered to be material values, which include movable and immovable property, including cash, as well as property rights. Actions of a property nature are more appropriately regarded as aiding and abetting the relevant terrorist criminal offence. The subject matter may be provided in any form. Its value does not affect the classification, except in cases where the act constitutes a qualified offence.

A clear understanding of the nature of terrorist financing and its origins makes it possible to combat such criminal activities more effectively. In particular, when considering cryptocurrency as the subject of the offence under investigation, it is necessary to understand its nature and the problems associated with controlling its circulation.

Cryptocurrency is a digital or virtual currency that is secured by cryptography, operates in a decentralised manner, and is not controlled by banks or governments. It uses blockchain technology to securely record transactions and issue new units. Currently, popular cryptocurrencies include Bitcoin (BTC) and Ethereum (ETH). Their value is determined by market supply and demand. The "circulation of cryptocurrency" in Ukraine is currently prohibited as a means of payment, but it is permitted for exchange and investment, with the requirement to declare income and pay taxes (18% personal income tax and 5% military tax). The legalisation of cryptocurrencies in Ukraine is planned for 2026, which will expand the possibilities for their circulation, although P2P platforms and online exchanges are currently used for exchange (Popov, 2017). As N. Bondarchuk, current global trends indicate the active use of cryptocurrencies in illegal activities: to finance attacks on the constitutional order and state power, terrorist, intelligence and subversive and separatist activities,

legalisation of criminal proceeds, tax evasion and illegal transfer of capital abroad. This poses significant threats and risks to the national security of many countries, including Ukraine (Bondarchuk, 2019). That is why the FATF (an intergovernmental organisation that develops global standards for combating money laundering and terrorist financing and assesses the compliance of national systems with these standards) has informed member countries about the key risks and negative trends in the field of cryptocurrencies: a significant increase in suspicious transactions involving crypto assets; an increase in hidden mining; the high criminal potential of Bitcoin; the use of cryptocurrencies by organised criminal groups, particularly in illegal drug trafficking; the use of cryptocurrency anonymity in cyber attacks; the spread of fraudulent schemes involving ICOs and Bitcoin ATMs (FATF Guidance, 2025). FinCEN (the US Financial Crimes Enforcement Network, which monitors the activities of cryptocurrency companies and often records violations of anti-money laundering requirements) emphasises the mandatory compliance with FATF standards in the crypto space and the reporting of suspicious digital asset users to government authorities (Teichmann, Falker, 2024). As a result, cryptocurrencies are increasingly being used for illegal activities, including terrorist financing, money laundering and tax evasion, posing serious threats to national security.

One of the key elements of the system for preventing terrorist financing is strengthening financial monitoring, as this ensures the detection, tracking and blocking of financial flows that may be linked to terrorist activities.

According to reports by the State Financial Monitoring Service of Ukraine (The State Financial Monitoring Service of Ukraine, 2024), during 2021 the State Financial Monitoring Service sent 1,170 materials concerning financial transactions with possible signs of terrorist financing to law enforcement agencies, of which 767 were summarised and 403 were additional. In the first half of 2021, 568 materials (364 summarised and 204 additional) were transferred with the note 'transactions that may be related to the financing of terrorism or other criminal activities'. In the first nine months of 2021, 933 materials (612 summarised and 321 additional) were submitted to law enforcement agencies. The total amount of suspended and blocked transactions amounted to 72.7 million UAH. In 2022, 934 such materials were sent (550 summarised and 384 additional summarised). The amount of financial transactions that may be related to money laundering or criminal offences amounted to 75.7 billion UAH. Blocked or suspended financial transactions/funds for this period amounted to the equivalent of 7.7 billion UAH. For the whole of 2023, the State Financial Monitoring Service forwarded materials worth 102.1 billion UAH to law enforcement

agencies regarding financial transactions that may be suspicious. A total of 1,122 materials were transferred (608 summarised, 514 additional summarised). The amount of blocked or suspended transactions and funds is approximately 4.1 billion UAH. In 2024, 164 cases related to the financing of terrorism/separatism were prepared and sent to law enforcement agencies. In the first quarter of 2024, the amount of suspended and blocked transactions exceeded 2.1 billion UAH. In the first nine months of 2024, the State Financial Monitoring Service registered 1.3 million reports from primary financial monitoring entities. During the same period, 780 materials were compiled and sent to law enforcement agencies (429 summarised and 351 additional). For the whole of 2024, the amount of suspended and blocked transactions amounted to 7.3 billion UAH. Overall, Diagram 1 shows the amount of suspended and blocked transactions in 2021–2024.

An analysis of the dynamics of suspended and blocked financial transactions for 2021–2024 indicates a significant strengthening of the financial monitoring system in the area of preventing terrorist financing. While in 2021 the total amount of such transactions was only about 72.7 million UAH, in 2022 this figure increased sharply by more than 100 times, which is directly related to the start of full-scale aggression by the Russian Federation against Ukraine and the intensification of counter-terrorism measures. In 2023, there was a slight decline, which can be explained by the adaptation of monitoring mechanisms and the transition to more targeted detection of suspicious transactions. However, in 2024, the figure rose again to 7.3 billion UAH, indicating that the risks of terrorist

financing remain high and that the financial control system needs further improvement.

From a scientific point of view, effective financial monitoring performs a preventive control function in the state's financial system, becoming a tool for early detection of risks and potential threats at the level of financial transactions (Demydenko, 2021). Improving the quality of financial monitoring creates a transparent environment for the circulation of funds and reduces the possibility of using banking, financial or digital instruments to conceal illegal transactions. In particular, the identification of customers (KYC – Know Your Customer) (the verification of information about individuals who open accounts and conduct monetary transactions), the monitoring of suspicious transactions, the analysis of the sources of funds, and the establishment of links between entities involved in financial relations provide the evidence base for a timely response by law enforcement agencies. In addition, strengthening financial monitoring contributes to increased interagency and international co-operation. Coordinated action by financial intelligence units, banking institutions, law enforcement agencies and international partners such as Interpol makes it possible to detect cross-border schemes for financing terrorist structures in a timely manner (Demirović, 2022). Thus, financial monitoring is not only a tool for recording financial transactions, but also an element of a comprehensive national security system. Its strengthening ensures the effective implementation of the state's strategic goals in the field of countering terrorism, helping to minimise the risks of the financial system being used for illegal purposes and increasing confidence in the national financial market.

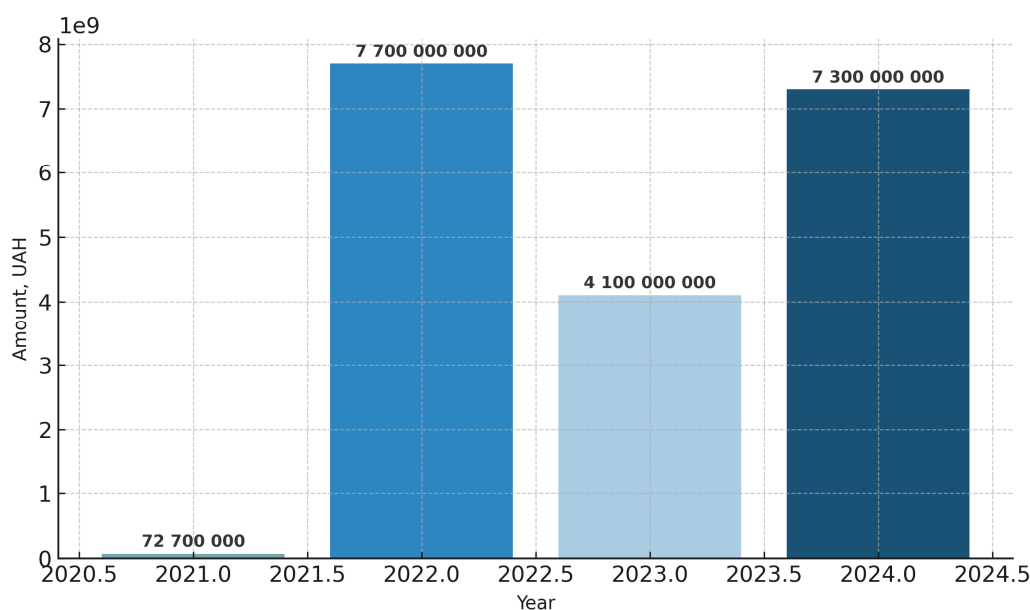


Diagram 2. Amounts of Suspended and Blocked Financial Transactions (2021–2024)

Control over the non-profit sector and humanitarian flows is also important in countering terrorist financing, as these structures operate with significant resources and can be used to launder funds or transfer them to terrorist organisations. Inadequate oversight allows for the abuse of humanitarian flows in conflict zones. Scientific and international studies confirm that transparency of financial transactions, identification of donors and beneficiaries, and monitoring of suspicious transactions significantly reduce the risks of terrorist financing. The same applies to trade and logistics risk control, which is one of the key elements in countering terrorist financing, as it prevents the illegal circulation of dual-use goods that can be used in the manufacture of weapons or explosive devices. Effective control in this area enhances the security of international trade and contributes to the protection of national security.

4. Conclusions

Therefore, based on the above, it can be concluded that understanding and clearly identifying the subject of terrorist financing is a prerequisite for effectively countering this threat. It is precisely on the basis of knowledge about the resources used to support terrorist networks that law enforcement agencies and financial institutions can develop tools to detect, monitor and freeze suspicious flows. This, in turn, requires synchronised measures: updated legislation, financial intelligence activities, international co-operation and the rapid exchange of information between public and private entities. Thus, research into the subject of terrorist financing logically precedes the formation of a comprehensive system of preventive, operational-investigative and law enforcement measures to counter this criminal offence and terrorism in general

as a cause of economic, political and social problems in Ukraine and the world.

The principal directions for counteracting the financing of terrorism may include the following:

1. Improvement of the legislative framework – namely, the clear definition of the elements of terrorist criminal offences, including the financing of terrorism, as well as other unlawful acts related to terrorism.

2. Strengthening financial monitoring mechanisms – enhancing transaction monitoring systems in banks and non-bank financial institutions, including the automated detection of anomalous transactions.

3. Prioritising control over virtual assets and cryptocurrencies – ensuring strict oversight of the registration and licensing of cryptocurrency exchanges and service providers.

4. Supervision of the non-profit sector and humanitarian flows – establishing clear regulatory standards for foundations and charitable initiatives (registration, reporting, and audits) in order to prevent the misuse of humanitarian channels for transferring funds to terrorist organisations.

5. International co-operation – coordination with foreign financial intelligence units, law enforcement agencies, Interpol, the Financial Action Task Force (FATF), and other international organisations to track transnational financing channels and facilitate the extradition of suspects.

6. Prevention and awareness-raising activities – conducting educational campaigns on the risks of co-operation with suspicious individuals and entities (both natural and legal persons), informing donors, and improving the financial literacy of the population.

7. Control over trade and logistical risks – preventing the trade in dual-use goods and strengthening export and import controls over strategic goods and materials.

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