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### UKRAINE'S EFFORTS AGAINST MONEY LAUNDERING SINCE THE RUSSIAN INVASION IN FEBRUARY 2022

#### **Abstract**

*The shifting environment of money laundering, exacerbated due to the war, calls for scrutiny of Ukraine's reaction to this fundamental challenge. This paper thus helps widen the knowledge about how Ukraine is trying to fight against money laundering and protect financial system integrity by shedding light on legislative transformations and their results in a much more complex geopolitical setting. Therefore, it provides an overview about the main elements of Ukrainian anti- money laundering policy and an analysis of reforms passed in this sphere of law since the full-scale invasion of Russia into Ukraine 2022. It focuses on the main changes of legislature in terms of anti-money laundering and terrorism financing prevention as well as first identifiable results of the new legislatorial and executive changes.*

#### **Key Words**

*Anti-Money Laundering, Compliance, Russian Invasion, Money Laundering prevention, Terrorism Financing, Financial Intelligence*

#### **I. Introduction**

When money of unknown origin becomes a factor in the political scene of the country, it puts democracies, economies and whole judicial systems at risk. This problem is especially pertinent for Ukraine due to shortcomings in fighting money laundering and corruption, mainly over recent years when the source of funds which are contributed to for example political projects often remain unknown. This question has become especially acute since the beginning of the

full-scale invasion of Russia into Ukraine on February 24, 2022. It has proven, that the Russian invasion of Ukraine created large risks related to money laundering and terrorist financing.<sup>1</sup>

As practice shows, conflict zones in general are extremely susceptible to these risks - terrorist organizations and groups use these situations of chaos and instability to execute illegal activities. Ukraine was and is no exception. Since the beginning of the full-scale invasion, great deals of money were moved across borders, often without supervision, creating a high risk for money laundering.<sup>2</sup> But, on the way to joining the European Union and the democratic world at large, Ukraine started implementing several measures and adopting relevant legislation beginning from 2002, actively fighting money laundering and corruption. This paper however concentrates on major legislative steps made in fighting money laundering in Ukraine since February 2022, what impacts they should have, and assesses their achieved results as of now.

## II. Anti-Money Laundering Measures before Russian Invasion 2022

Even at the beginning of the new millennium, Ukraine, as a country that had just started actively to develop its independence, was involved in different scandals connected with illegal money laundering. Corruption and illegal economic activity (including shell business, tax evasion, and fraud) became the main threats to money laundering.<sup>3</sup> Due to such activities, Ukraine found itself on the list of the Financial Action Task Force on Money Laundering (FATF) in 2002 as a country needing improvement in combating the legalization of proceeds coming from criminal activities and financing terrorism.<sup>4</sup> The Financial Action Task Force (FATF) is the global money laundering and terrorist financing inspector. Its purpose is to establish global benchmarks that strive to deter these unlawful practices and mitigate the detrimental impact

<sup>1</sup> European Parliament, "Report on the Proposal for a Regulation of the European Parliament and of the Council on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing | A9-0151/2023 | European Parliament," European Parliament, April 14, 2023, [https://www.europarl.europa.eu/doceo/document/A-9-2023-0151\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2023-0151_EN.html).

<sup>2</sup> Vanya Petrova, "Cash Is King: Impact of the Ukraine War on Illicit Financial Flows in South Eastern Europe," *Global Initiative*, 2023, <https://globalinitiative.net/wp-content/uploads/2023/07/Vanya-Petrova-Cash-is-King-Impact-of-the-Ukraine-War-on-illicit-financial-flows-in-South-Eastern-Europe-GI-TOC-July-2023.pdf>.

<sup>3</sup> Alexander N. Gorodysky, "Ukraine, International Money Laundering, and the Investigation of Organized Crime," *Trends in Organized Crime* 6, no. 3-4 (March 2001): 37-42, accessed august 12, <https://doi.org/10.1007/s12117-001-1004-8>.

<sup>4</sup> OECD, "FATF Decides to Impose Counter-Measures on Ukraine; No Counter-Measures to Apply against Nigeria at This Time," OECD, 2002, accessed august 13, <https://www.oecd.org/newsroom/fatfdecidestoimposecounter-measuresonukrainenocounter-measurestoapplyagainstinigeriaatthistime.htm>.

they have on communities. To be found on that list was for a country like Ukraine from immense danger to foreign investments and global activities on the international market. Back then, Ukraine had limited anti-corruption mechanisms and weak financial control measures to detect and prevent the legalization of proceeds from criminal activities and financing terrorism. Besides, it did not have an adequate regulatory framework for providing information and supervising the financial sector and faced serious problems in the field of anti-corruption policy as well as law and order. All these challenges made it difficult to fight against the legalization of proceeds from criminal activities.

As a result of being included in the FATF list, Ukraine undertook to implement a number of reforms and measures aimed at improving its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) system. Thus, first of all, Ukrainian Law “On Amendments to the Law of Ukraine on Prevention of Countermeasures against the Legalization of Proceeds of Crime” came into force.<sup>5</sup> This law improved the legal framework for combating money laundering. It contained regulations regarding compulsory identification of customers, reporting to financial institutions about questionable financial transactions, as well as procedures for opening and stashing information about transactions. In addition, another law was adopted – “On Amendments to the Criminal and Criminal Procedure Code of Ukraine,”<sup>6</sup> making changes to the criminal legal framework, namely the introduction of liability for legalization of proceeds of crime as well as financing terrorism that met standards put forward by FATF. For example, prison sentences of up to 15 years were introduced, as well as a ban on holding public office for those convicted for a crime concerning the conduct of financial transactions or entering into an agreement with illegally obtained funds.

The Law “On Amendments to Certain Laws of Ukraine on Preventing the Use of Banks and Other Financial Institutions for the Purpose of Legalizing Funds Obtained by Criminal Ways”<sup>7</sup> is also attracting special attention. This document was supposed to improve control and supervision of financial institutions and strengthen mechanisms to prevent financial crimes. In addition, the Cabinet of Ministers of Ukraine adopted a resolution “On the Forma-

<sup>5</sup> Parliament of Ukraine, “Law ‘On Amendments to the Law of Ukraine on Prevention of Countermeasures against the Legalization of Proceeds of Crime,’” Official web-portal of the Parliament of Ukraine, December 24, 2002, <https://zakon.rada.gov.ua/laws/show/345-15?lang=en#Text>.

<sup>6</sup> Parliament of Ukraine, “Law ‘On Amendments to the Criminal and Criminal Procedure Code of Ukraine,’” Official web-portal of the Parliament of Ukraine, January 16, 2003, <https://zakon.rada.gov.ua/laws/show/430-15?lang=en#Text>.

<sup>7</sup> Parliament of Ukraine, “Law ‘On Amendments to Certain Laws of Ukraine on Preventing the Use of Banks and Other Financial Institutions for the Purpose of Legalizing Funds Obtained by Criminal Ways,’” Official web-portal of the Parliament of Ukraine, February 6, 2003, <https://zakon.rada.gov.ua/laws/show/485-15?lang=en>.

tion of the State Department of Financial Monitoring within the Ministry of Finance of Ukraine.”<sup>8</sup> This resolution created a special department that should improve financial monitoring and ensure the effective detection of questionable transactions.

Thanks to the introduction of these laws and measures, Ukraine improved its system in combating the legalization of proceeds from criminal activities and the financing of terrorism. These actions allowed it to improve its compliance with standards by FATF and to leave a list of countries requiring improvements in this area in 2004. However, in 2010 – 2011, Ukraine was again included in the list of countries by FATF because there were shortcomings in legislation and practice related to the fight against money laundering and terrorist financing.<sup>9</sup> At that time, Ukraine had no effective system for the detection and prevention of money laundering and terrorist financing. There was not enough international cooperation in the field of combating financial crimes. It made the detection and prosecution of cases of money laundering and terrorist financing with international connections more difficult.

Besides, in 2010, Ukraine still remained politically and economically unstable - causing an increased risk of money laundering and terrorist financing. The placing of Ukraine on the FATF list was an attempt by this organization to show Ukraine that aside from considerable measures against combating financial crimes and money laundering, more efforts could be taken. Since that moment, Ukraine has been actively cooperating with the FATF, including participation in mutual assessments and dialogue with the organization. The country kept a dialogue and exchange of information with the FATF for improvement of systems and practices. However, as practice shows, Ukraine did not adopt many new reforms and legislative acts aimed at combatting money laundering till the year 2020 and tightened them in the year of Russia’s full-scale war in 2022. Yet in March 2022 FATF released a statement which recognized and welcomed the progress made by Ukraine combating its money laundering risks since 2020. Nonetheless it expresses concern that the current military invasion and other activities by the Russian Federation may inhibit that important progress.<sup>10</sup>

<sup>8</sup> Parliament of Ukraine, “Resolution ‘On the Formation of the State Department of Financial Monitoring within the Ministry of Finance of Ukraine,’” Official web-portal of the Parliament of Ukraine, January 10, 2002, <https://zakon.rada.gov.ua/laws/show/en/35-2002-%D0%BF?lang=en#Text>.

<sup>9</sup> FATF, “Ukraine’s Progress since 2009,” FATF, accessed September 25, 2023, <https://www.fatf-gafi.org/en/countries/detail/Ukraine.html>.

<sup>10</sup> Financial Action Task Force. “FATF Public Statement on the Situation in Ukraine”, FATF, March 3, 2022, Accessed August 23, 2023, <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfgeneral/Ukraine-2022.html>.

### III. Measures Taken by Ukraine Against Money Laundering Since February 2022

“Thriving” conditions for money laundering and terrorist financing were evolved after Russia’s full-scale invasion of Ukraine on February 22, 2022, according to the report prepared by the European Commission and published back in October 2022.<sup>11</sup> When it comes to Transparency International’s Corruption Perceptions Index of 2022, Ukraine ranked as the 116th least corrupt nation out of 180 countries worldwide.<sup>12</sup> In contrast, in 2021 Ukraine was the 120th least corrupt nation, meaning there was a progress, as corruption is one indicator for is a common predicate offence to money laundering, so countries with high exposure or vulnerability to corruption have a higher risk of money laundering.<sup>13</sup> Still, the aforementioned report published by the EC once again emphasizes the role of corruption in facilitating money laundering. The representatives from the European Commission indicate that businessmen and even corrupt officials possess plenty of opportunities to make use of a full-scale invasion for money laundering or other financial crimes.

Thus, the Financial Action Task Force (FATF) even issued its own conclusions concerning the situation and emphasized that exaggeration was made under the active utilization of cryptocurrencies.<sup>14</sup> As is known, cryptocurrencies give anonymity in sending funds and are freely transferred between different countries of the world within a few seconds.<sup>15</sup> They further complicate the fight against money laundering since they cannot be traced by law enforcement agencies. In addition to this, pseudo-charitable organizations began to appear in Ukraine. Under the cloak of helping the Ukrainian army and people, at first, they began to di-

<sup>11</sup> European Commission, “Report from the Commission to the European Parliament and the Council on the Assessment of the Risk of Money Laundering and Terrorist Financing Affecting the Internal Market and Relating to Cross-Border Activities,” European Commission, 2022, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022SC0344>.

<sup>12</sup> Transparency International, “World Corruption Perceptions Index - 2022,” Transparency International, 2022, <https://cpi.ti-ukraine.org/en/#:~:text=Ukraine%20received%2033%20points%20out>.

<sup>13</sup> Basel Institute on Governance. “Indicators used in the Basel AML Index”, BloG, Accessed September 05, 2023, <https://baselgovernance.org/basel-aml-index/methodology/indicators#:~:text=Corruption%20is%20a%20common%20predicate,higher%20risk%20of%20money%20laundering>.

<sup>14</sup> FATF, “FATF Public Statement on the Situation in Ukraine,” FATF, accessed September 25, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/Ukraine-2022.html>.

<sup>15</sup> N. Alsalamy and B. Zhang, “SoK: A Systematic Study of Anonymity in Cryptocurrencies,” IEEE Xplore, November 1, 2019, <https://doi.org/10.1109/DSC47296.2019.8937681>.

rect funds to terrorist groups and different criminal organizations.<sup>16</sup> Thus, high levels of corruption, inability to track cryptocurrencies' flow, and fake charities - all these conditions create a favorable environment for illegal financial transactions and money laundering in Ukraine.

Even before the full-scale invasion, on April 28, 2020, the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction" No. 361-IX ("Law No. 361-IX") was adopted.<sup>17</sup> In general, Law No. 361-IX is aimed at improving and clarifying certain legislation on prevention and combating the legalization (laundering) of income. Besides, it aims at harmonizing and improving the provisions of changing legislative acts - ensuring the implementation of new international standards in combating money laundering and the financing of terrorism.<sup>18</sup> Law No. 361-IX adapts into national legislation the FATF Recommendations and the 4th and partly the 5th Directives of the European Union against money laundering and terrorist financing, which have already been implemented in all member states and are mandatory for countries that intend to become members (including Ukraine). Those measures Enhanced customer due diligence, scrutiny of high-risk third countries and extends the anti-money laundering and counter-terrorism financing rules to include virtual currencies, prepaid cards, and anonymous electronic wallets, aiming to address potential loopholes in the existing framework. The document also refers to the permission of using the results of due diligence carried out by another subject of primary financial monitoring.

Law No. 361-IX provides for an increase in the number of financial transactions subject to mandatory financial monitoring. The sum increased from UAH 150,000 to UAH 400,000,

<sup>16</sup> Government of the District of Columbia, "DISB Consumer Alert - Beware of Ukrainian Crisis Charity Scams," *DISB*, accessed September 25, 2023, [https://disb.dc.gov/sites/default/files/dc/sites/disb/page\\_content/attachments/DISB%20Consumer%20Alert%20Ukrainian%20Crisis%20Charity%20Scams\\_0.pdf](https://disb.dc.gov/sites/default/files/dc/sites/disb/page_content/attachments/DISB%20Consumer%20Alert%20Ukrainian%20Crisis%20Charity%20Scams_0.pdf).

<sup>17</sup> Olha Vovchak and Liubov Yendorenko, "Consideration of the Peculiarities of Analyzing Financial Transactions Subject to Financial Monitoring in Times of War," *Technology Audit and Production Reserves* 3, no. 4(71) (June 30, 2023): 37–41, <https://doi.org/10.15587/2706-5448.2023.284222>.

<sup>18</sup> Parliament of Ukraine, "Law of Ukraine 'On Preventing and Counteracting to Legalization (Laundering) of the Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction' No. 361-IX," Official web-portal of the Parliament of Ukraine, December 6, 2019, <https://zakon.rada.gov.ua/laws/show/361-20?lang=en#Text>.

which is an estimated EUR 10,000, introducing a risk-oriented approach.<sup>19</sup> However, it contains also a simultaneous reduction in the number of signs of such financial transactions (from 17 to 4) and the creation of a transparent instrument for bringing responsibility for the violation.<sup>20</sup> Still, the law significantly expands the range of subjects of primary financial monitoring, that is, institutions that provide financial services and perform client identification. In addition, the law determines the amount of the fine for large-scale and systemic violations. It is also expected to reduce the costs of banks and other financial institutions for reporting on different transactions thanks to the possibility of automating the process of providing information and reducing the frequency of informing. Thus, even before the full-scale invasion, Law No. 361-IX created the basis for effective regulation of money laundering and adaptation of Ukrainian legislation to the one of the European Union.

However, as already noted, the war has created new opportunities for money laundering, so the EU and FATF have developed new recommendations for changing and adapting the existing Law No. 361-IX. On November 4, 2022, President of Ukraine Volodymyr Zelenskyi signed the Law of Ukraine "On Amendments to the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction" on protection from actions by the state which carries out aggression against Ukraine and adaptation of legislation to specific FATF standards and requirements of EU Directive 2018/843 ("Law No. 2736-IX").<sup>21</sup>

According to Law No. 2736-IX, important measures are set for strengthening control over financial monitoring and the fight against money laundering in Ukraine. First of all, citizens of Russia and Belarus are prohibited from holding positions in management structures of finan-

<sup>19</sup> Parliament of Ukraine, "Law of Ukraine 'On Preventing and Counteracting to Legalization (Laundering) of the Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction' No. 361-IX," Section 3, Article 20.

<sup>20</sup> Parliament of Ukraine, "Law of Ukraine 'On Preventing and Counteracting to Legalization (Laundering) of the Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction' No. 361-IX," Section 2, Article 12.

<sup>21</sup> Liga Zakon, "Law "On Amendments to the Law of Ukraine 'on Prevention and Counteraction to Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction' on Protection from Actions by the State Which Carries out Aggression against Ukraine and Adaptation of Legislation to Specific FATF Standards and Requirements of EU Directive 2018/843," Liga Zakon, November 4, 2022, <https://ips.ligazakon.net/document/view/T222736?an=50>.

cial monitoring organizations.<sup>22</sup> Additionally, Law No. 2736-IX expands the list of persons who are considered high-risk clients for monitoring, including residents of countries that carry out aggression against Ukraine, in addition to citizens of Russia and Belarus, who were granted the status of participants in hostilities after April 14, 2014.<sup>23</sup> The subject's transactions should be reported if the amount exceeds 400 thousand UAH when working with a person associated with Russia and/or Belarus, according to Law No. 2736-IX.<sup>24</sup> This promotes openness and transparency in the financial sector especially needed since the beginning of Russian full scale invasion.

Moreover, according to Law No. 2736-IX, it complies with recommendations from FATF and also ensures compliance within anti-money laundering legislation in Ukraine with international standards while introducing improvements made in regulation and supervision across watchdog organization spheres.<sup>25</sup> For example, this law improves the regulation and supervision of specially defined subjects of primary financial monitoring. In addition, it exempts from responsibility for non- fulfillment of certain obligations those subjects of primary financial monitoring who are in the territory of hostilities, temporarily occupied territories of Ukraine. It also introduces improvements in the regulation and oversight of financial watchdogs and reduces the term of Politically Exposed Persons (PEP) status to three years after leaving office to prevent corruption.<sup>26</sup> The implementation shall contribute significantly towards detection by stopping financial operations relating to states that carry out war aggression against Ukraine, as well as improving compliance with national legislation and international norms.

<sup>22</sup> Liga Zakon, "Law "On Amendments to the Law of Ukraine 'on Prevention and Counteraction to Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction' on Protection from Actions by the State Which Carries out Aggression against Ukraine and Adaptation of Legislation to Specific FATF Standards and Requirements of EU Directive 2018/843 ," Liga Zakon, November 4, 2022, <https://ips.ligazakon.net/document/view/T222736?an=50>.

<sup>23</sup> Ibid, paragraph 3.

<sup>24</sup> Law of Ukraine "On Preventing and Counteracting to Legalization (Laundering) of the Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction" No. 361-IX, Section 3, Article 20.

<sup>25</sup> Law "On Amendments to the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction," paragraph 10.

<sup>26</sup> Law "On Amendments to the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction," paragraph 1.

#### IV. Results of Ukrainian Anti-Money Laundering Policy Since February 2022

Any country, especially in wartime, is required to fight money laundering and terrorist financing since it's an extreme risk for internal stability. As the State Financial Monitoring Service of Ukraine is a unit of financial intelligence, it actively takes measures to counteract these negative phenomena. Firstly, Ukraine adopted legislative acts such as the "Law of Ukraine on Prevention and Counteraction of Legalization (Laundering) of Proceeds of Crime, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction." Through them, a legal framework was created for combating financial crimes.

Second, the State Financial Monitoring of Ukraine developed main directions for the development system for preventing and countering the legalization of income and the financing of terrorism until 2023, including planning actions for their implementation.<sup>27</sup> It allows to effectively combat illegal financial transactions. Besides, in order to improve a national system of financial monitoring, Ukraine also took into account the recommendations of the MONEYVAL Committee of the Council of Europe after the 5th round of assessment.<sup>28</sup> It helps to improve processes and increase the efficiency of the fight against financial crimes.

The program of strategic development of State Financial Monitoring for the period until 2024 and priorities of activities in martial law, agreed by the Ministry of Finance of Ukraine, are aimed at improving a financial monitoring system in the most vulnerable conditions.<sup>29</sup> In its activity, State Financial Monitoring actively cooperates with national and international partners, aiming to effectively sanction the actions of terrorist countries. Particularly concerning collection and processing information, in 2022, the State Financial Monitoring Service took into account more than 1 million reports on financial transactions. More than 52

<sup>27</sup> Serhii Hrytsai, "Cryptocurrency in the Declarations of Government Officials: A Toolkit for Money Laundering (Trends and Experience of Counteraction, by the Example of Ukraine)," *Access to Justice in Eastern Europe* 6, no. 3 (June 19, 2023): 81–107, <https://doi.org/10.33327/ajee-18-6.3-a000333>.

<sup>28</sup> The State Financial Monitoring Service of Ukraine, "The MONEYVAL Strategy for 2023- 2027 and the High-Level Declaration of MONEYVAL Priorities Were Approved," The State Financial Monitoring Service of Ukraine, April 26, 2023, <https://www.fiu.gov.ua/en/pages/dijalnist/funkcional/news/sxvaleno-strategiyu- MONEYVAL-na-2023-2027-roki-ta-deklaracziyu-visokogo-rivnya-shhodo-prioritetiv- MONEYVAL.html>.

<sup>29</sup> The State Financial Monitoring Service of Ukraine, "Information on the Results of the State Financial Monitoring Service of Ukraine for the First Half of 2023," The State Financial Monitoring Service of Ukraine, July 20, 2023, <https://www.fiu.gov.ua/en/pages/dijalnist/funkcional/news/20-07-2023-001.html>.

thousand were suspicious.<sup>30</sup> During wartime, it took into account about 928 thousand reports, including over 43 thousand suspicious ones.<sup>31</sup> This testifies to strengthening control and monitoring in crisis conditions.

Analytically, studies of the State Financial Monitoring Service resulted in the referral to law enforcement agencies of 934 materials. These are about financial transactions that may be related to money laundering and criminal offenses, amounting to 75.7 billion UAH, which is an equivalent of an estimated EUR 1.9 billion. The sum total of suspended financial transactions and blocked funds for 2022 adds up to 7.7 billion UAH.<sup>32</sup> This testifies not only to the success of measures aimed at combatting financial crimes and terrorist financing in Ukraine but also shows how seriously taken is Ukraine's fight against money laundering and terrorist financing in wartime conditions. So, it is very important to keep developing and improving this system as well as cooperating with other countries and international organizations to reach even better results in this fight.

## **V. Concluding Observations**

The risk to democracy is enormous if money of unknown origin infiltrates into a political landscape in a country. Since Ukraine has mostly been fighting money laundering and corruption, which have persisted during recent years, especially since the full-scale invasion by Russia in February 2022, this problem has become especially relevant. Conflict zones historically are greatly susceptible to these risks as terrorist organizations take advantage of chaos and instability to carry out illegal financial activities. In Ukraine during this period, substantial cross-border money movements were observed often without proper oversight, elevating the risk of money laundering. Despite those challenges, Ukraine actively works towards its goal of joining the EU and the broader democratic community. It implements a series of measures and adopts relevant legislation to combat money laundering and corruption.

Legislative measures enacted by Ukraine, such as Law No. 361-IX and Law No. 2736,

<sup>30</sup> The State Financial Monitoring Service of Ukraine, "Informing on the Results of the State Financial Monitoring Service of Ukraine Work for 2022," The State Financial Monitoring Service of Ukraine, January 18, 2023, <https://fiu.gov.ua/en/pages/dijalnist/funkcional/news/Informuvannya-pro-rezultati-roboti-derzhfinmonitoringu-za-2022-rik.html>.

<sup>31</sup> *Ibid.*

<sup>32</sup> The State Financial Monitoring Service of Ukraine, "Informing on the Results of the State Financial Monitoring Service of Ukraine Work for 2022," The State Financial Monitoring Service of Ukraine, January 18, 2023, <https://fiu.gov.ua/en/pages/dijalnist/funkcional/news/Informuvannya-pro-rezultati-roboti-derzhfinmonitoringu-za-2022-rik.html>.

created a solid base for counteracting money laundering and adapting Ukrainian legislation to international standards. Those laws expanded the financial monitoring field of activity, established transparency, and strengthened controls. An international partnership between Ukraine and such bodies as the European Commission, FATF, and MONEYVAL has also enhanced the country's ability to detect and avoid illicit financial transactions. The impressive volume of processed reports by the State Financial Monitoring Service in 2022, as well as huge amounts of potentially illicit funds identified and blocked, prove that Ukraine is very serious about combating money laundering and terrorist financing issues.

However, the continuing conflict underscores a need for continuous vigilance and improvement in Ukraine's anti-money laundering efforts. Recommendations include increased oversight, cryptocurrency regulation, measures against pseudo-charitable organizations, and sustained international cooperation. A stronger fight against money laundering in Ukraine and around the world will make it harder for Russia to wage war as well.

Also, the fight against money laundering in Ukraine will raise the confidence of governments that are ready to allocate funds for reconstruction so that this money will not be stolen. It is about hundreds of billions of dollars. As the process of massive reconstruction investment begins, there will be calls to make sure that a country's financial system is effective in preventing illegal activity. The state should prepare for this now so that when the time comes, Ukraine can say – we have an effective financial monitoring system, and funds cannot be stolen and redirected.

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Parliament, April 14, 2023. [https://www.europarl.europa.eu/doceo/document/A-9-2023-0151\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2023-0151_EN.html).

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## **ЗУСИЛЛЯ УКРАЇНИ ЩОДО БОРотьБИ З ВІДМИВАННЯМ КОШТІВ ПІСЛЯ РОСІЙСЬКОГО ВТОРГНЕННЯ У ЛЮТОМУ 2022 РОКУ**

*Змінювані умови стосовно відмивання коштів, які поглибилися через війну, вимагають дослідження реакції України на цей фундаментальний виклик. Ця робота допомагає розширити знання щодо того яким чином Україна намагається боротися з відмиванням коштів та захистити цілісність фінансової системи, проливаючи світло на законодавчі зміни та їх результати у набагато більш комплексному геополітичному вимірі. В роботі робиться огляд основних елементів політики України, спрямованої на боротьбу з відмиванням коштів, та аналіз реформ, прийнятих у цій галузі права після повномасштабного вторгнення Росії в Україну у 2022 році. Робиться огляд основних змін в законодавстві щодо боротьби з відмиванням коштів та фінансу-*

*вання тероризму, а також перших визначених результатів нових законодавчих та виконавчих змін.*

**Ключові слова**

*Боротьба з відмиванням коштів, комплаєнс, російське вторгнення, запобігання відмиванню коштів, фінансування тероризму, фінансова грамотність*