

THE ROLE OF INTERNATIONAL ORGANISATIONS IN THE DEVELOPMENT OF THE FINANCIAL MONITORING SYSTEM¹

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Annotation. *The work aims to explore and highlight the crucial role of international organisations in developing the financial monitoring system. By setting global standards, providing capacity-building support, facilitating information sharing, conducting assessments, advocating policy measures, and promoting international coordination, these organisations contribute to preventing and detecting illicit financial activities.*

The methodological basis of the study involves a combination of qualitative research methods, a literature review, and an analysis of relevant documents and reports from international organisations. The author used the given methods to achieve the goal of the article: (1) literature review; (2) analysis of international organisation documents; (3) qualitative research methods, and (4) comparative analysis.

Results. *International organisations play a crucial role in setting global standards and guidelines for anti-money laundering and combating the financing of terrorism. These standards provide a framework for countries to develop their domestic legislation and establish effective financial monitoring systems. They provide extensive capacity-building support to countries, assisting them in implementing and enforcing financial monitoring standards. International organisations facilitate the exchange of information among countries, enabling them to identify and track illicit financial activities across borders.*

Conclusions. *International organisations play a vital role in developing the financial monitoring system. They serve as platforms for cooperation, coordination, and information exchange among countries, helping to establish global standards, guidelines, and best practices. Their collective efforts contribute to preventing and detecting illicit financial activities, fostering integrity and stability in the global financial system.*

Key words: *anti-money laundering, international organisation, financial intelligence unit, financial monitoring, financial monitoring system, financing terrorism.*

1. Introduction.

International organisations play a significant role in financial monitoring and regulation to ensure stability, transparency, and integrity in the global financial system. The leading organisations in the field of prevention and countermeasures against the legalisation of criminal proceeds in the sphere of financial monitoring are as follows: (1) the Financial Action Task Force on Money Laundering (FATF); (2) the Egmont Group (Group of Financial Intelligence Units); (3) MONEYVAL (the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism); (4) the Basel Committee on Banking Supervision (BCBS); (5) the Wolfsberg group; (6) the International Monetary Fund; (7) World Bank Group; (8) the Financial Stability Board and others. The given international organisations serve as platforms for countries to come together, discuss common issues, and work towards shared goals. In the sphere of financial monitoring, they are platforms for dialogue, knowledge-sharing, and collaboration among nations, with the ultimate goal of creating a more prosperous and sustainable global community.

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The importance of international organisations in financial monitoring cannot be overstated. The author highlighted key reasons why these organisations play a crucial role: (1) promoting stability; (2) enhancing transparency; (3) combating money laundering and terrorism financing; (4) facilitating international cooperation; (5) providing technical assistance and capacity building; (6) fostering trust and confidence. By promoting responsible financial practices, combating illicit activities, and facilitating international cooperation, these organisations contribute to sustainable economic development and a more secure financial environment for all participants.

2. Analysis of scientific publications.

Scholars from different countries investigated different aspects. Analysing the developments of representatives of the scientific community, the issue of researching the importance of international organisations in the financial monitoring system was somewhat episodic. To a greater extent, scientists studied either the issue of the functioning of each of the international organisations separately or the issue of the effectiveness and improvement of financial monitoring as a whole. In particular, the works of the following scientists should be singled out: N. Turner [1], E. Mekrop, A. Aboagye, J. Welbeck [2], M. Perepelytsya [3], S. Unal, M. Altun [4], K. Alexander [5], P. Lagerwaard, M. de Goede [6] and others.

3. The aim of the work.

The work aims to explore and highlight the crucial role of international organisations in developing the financial monitoring system. By setting global standards, providing capacity-building support, facilitating information sharing, conducting assessments, advocating policy measures, and promoting international coordination, these organisations contribute to preventing and detecting illicit financial activities.

4. Review and discussion.

The place of international organisations in the financial monitoring landscape is paramount in today's interconnected and globalised world. As financial transactions traverse national borders and economic activities become increasingly integrated, the need for effective oversight and regulation of the global financial system becomes evident. International organisations play a pivotal role by providing a framework for collaboration, setting standards, and facilitating cooperation among nations to ensure transparency, stability, and integrity in financial transactions. Thus, financial transaction data are increasingly considered valuable in the context of security threats, yet they are particularly privacy-sensitive [6].

Financial monitoring encompasses various activities, including preventing money laundering, combating terrorist financing, detecting fraud, and promoting responsible financial practices. These challenges' complexity and transnational nature require coordinated efforts and a shared commitment to address them effectively. International organisations catalyse such cooperation, bringing together governments, regulatory bodies, and financial institutions to develop common approaches and share best practices. These organisations have a multifaceted role in financial monitoring. First and foremost, they act as knowledge hubs, accumulating expertise and facilitating the exchange of information and experiences among member countries. By fostering dialogue and sharing lessons learned, international organisations enable nations to enhance their understanding of financial risks, develop robust regulatory frameworks, and implement effective monitoring systems.

As S. Unal and M. Altun noted, the process of financial monitoring requires a more flexible and proactive approach with the help of an autonomous financial intelligence unit to be more efficient. Moreover, there must be better cooperation and coordination at both national and international levels. Additionally, enhancing the training of professionals from various disciplines and increasing awareness among public and private sectors are crucial elements in effectively combating the financial monitoring system. These factors are vital in bolstering efforts to address financial crimes and maintain a secure economic environment [4].

International organisations also contribute to capacity building and technical assistance in financial monitoring. They provide training programs, workshops, and resources to help member countries strengthen their regulatory frameworks, develop skilled personnel, and implement effective monitoring and enforcement mechanisms. By sharing expertise and resources, these organisations support the development of robust financial systems worldwide, particularly in countries with limited resources or expertise in this area. Their analytical research, assessments, and reports provide valuable insights into emerging risks and potential solutions, helping member countries stay ahead of financial threats and take proactive measures.

The leading organisations that should be outlined in the field of prevention and countermeasures against the legalisation of criminal proceeds in the sphere of financial monitoring are as follows:

- (1) the Financial Action Task Force on Money Laundering (FATF);
- (2) the Egmont Group (Group of Financial Intelligence Units);
- (3) MONEYVAL (the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism);
- (4) the Basel Committee on Banking Supervision (BCBS);
- (5) the Wolfsberg group;
- (6) the International Monetary Fund;
- (7) World Bank Group;
- (8) the Financial Stability Board and others.

Since 1989, the Financial Action Task Force (FATF) has served as the preeminent international standard-setting body responsible for protecting the global financial system by coordinating a worldwide fight against money laundering, terrorist financing, and other financial crimes [1]. In particular, the Financial Action Task Force (FATF) and its member states have played a crucial role in developing international norms and rules that require financial institutions to adopt minimum levels of transparency and disclosure to prevent financial crime. The FATF has directed its efforts to combat money laundering primarily towards financial institutions due to the vulnerability of these institutions to being exploited by criminal organisations to transfer illicit proceeds. This focus stems from recognising the significant threat that money laundering poses to the overall stability of financial systems [5].

M. Perepelytsya stressed that during 2000–2020, Ukraine implemented into domestic legislation (and continues to do so) the main recommendations and criteria that were proposed, and sometimes presented as requirements, by the FATF in this area, which significantly influenced the structure of the national financial monitoring system in general.

Among the main achievements, the author singled out the following:

- (1) creation of a particular financial control body for questionable financial transactions - financial intelligence within the structure of financial monitoring;
- (2) recognition of laundering (legalisation) of “dirty” funds as a crime;
- (3) introducing mandatory requirements for all financial organisations regarding the identification and verification of their clients, timely informing the particular financial monitoring body about suspicious and threshold financial transactions;
- (4) establishing the responsibility of the subjects of primary financial monitoring for their failure to provide the legally established information regarding the financial transactions of their clients;
- (5) confiscation of proceeds obtained by crime;
- (6) introduction of a risk-oriented approach with mandatory criteria for dividing risks into types depending on the level of threat;



(7) cooperation with relevant international organisations in the field of “dirty” money laundering, etc [3, p. 29].

The Financial Action Task Force (FATF) is an international intergovernmental organisation that plays a central role in financial monitoring and the combat against money laundering, terrorist financing, and other related threats to the integrity of the global financial system. The FATF’s role in financial monitoring:

(1) its primary objective is to set international standards and promote the effective implementation of legal, regulatory, and operational measures to combat money laundering, terrorist financing, and proliferation financing;

(2) the FATF develops and updates a set of international standards known as the “FATF Recommendations” [7]. These standards provide a comprehensive framework for countries to adopt and implement in their efforts to combat financial crimes;

(3) the FATF conducts evaluations to assess the effectiveness of member jurisdictions’ implementation of the FATF Recommendations. These evaluations, known as mutual evaluations, involve a peer review process where member countries assess each other’s compliance with the standards;

(4) the FATF maintains a list of jurisdictions that pose significant risks to the global financial system due to their deficiencies in combating money laundering and terrorist financing. The FATF monitors the progress of these jurisdictions in addressing the identified deficiencies and encourages them to take necessary actions to enhance their anti-money laundering and counter-terrorist financing regimes;

(5) in addition to the FATF Recommendations, the organisation also develops guidance and best practices to assist member countries and the private sector in implementing effective measures to combat financial crimes;

(6) it actively promotes international cooperation and collaboration in combating money laundering, terrorist financing, and proliferation financing. It works closely with other international organisations, such as the United Nations, the World Bank, and regional bodies, to align efforts, share information, and coordinate initiatives to enhance the effectiveness of global financial monitoring.

As to the Egmont Group, its contributions to financial monitoring are as follows:

(1) its primary objective is to promote international cooperation and information exchange among financial intelligence units to combat money laundering and terrorist financing effectively. The Egmont Group is a platform for FIUs to share financial intelligence, expertise, and best practices;

(2) the Egmont Group facilitates the exchange of financial intelligence among member financial intelligence units;

(3) it fosters operational support and collaboration among financial intelligence units and provides a forum for them to collaborate on joint investigations, share investigative techniques, and coordinate efforts to disrupt money laundering and terrorist financing networks;

(4) the Egmont Group engages in advocacy and outreach activities to promote the role and importance of financial intelligence units in financial monitoring.

International organisations contribute to the global financial system’s stability by facilitating financial monitoring. Setting standards, guidelines, and best practices promotes transparency, accountability, and integrity in financial transactions. These measures help prevent illicit activities such as money laundering, fraud, and terrorist financing, which can destabilise economies and undermine public confidence in the financial system. Financial stability is closely linked to economic development. International organisations recognise this relationship and work to promote sustainable economic growth through effective financial monitoring. By combating financial crimes and ensuring the integrity of financial systems, they create an environment conducive to investment, trade, and economic prosperity. This, in turn, supports economic stability and development at both the national and global levels.

5. Conclusions.

In conclusion, international organisations are central in the financial monitoring ecosystem, driving collaboration, setting standards, and fostering global cooperation. Their role in knowledge-sharing, capacity building, and standard-setting is instrumental in promoting transparency, stability, and integrity in the global financial system. As financial interconnectedness continues to grow, the importance of international organisations in ensuring responsible and secure financial practices becomes increasingly significant.

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