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## COOPERATION BETWEEN FINANCIAL INTELLIGENCE UNITS, SUPERVISORS AND «THIRD» COUNTRIES : MAIN POINTS AND CHALLENGES<sup>1</sup>

*The article is devoted to a comprehensive analysis of the cooperation between financial intelligence units (FIUs), supervisors and «third» countries in combating financial crimes, money laundering, and terrorism financing. The article emphasises the importance of intense collaboration and information exchange among financial intelligence units, financial supervisors, and regulatory authorities in different countries. These entities can detect and prevent illicit financial activities that often transcend national borders by sharing intelligence and expertise.*

*The central role of financial intelligence units in facilitating cooperation is highlighted. These specialised units act as the focal point for collecting, analysing, and disseminating financial intelligence to relevant stakeholders. Their ability to swiftly share information with foreign counterparts and «third» countries is crucial in tackling global financial crimes. Effective intelligence sharing and joint investigations are crucial in tracking criminal networks and holding perpetrators accountable.*

*Aligning regulatory frameworks ensures that financial institutions comply with global standards, reinforcing the integrity of the international financial system. Capacity building in less developed countries helps establish robust financial intelligence systems, promoting global cooperation. By pooling resources and expertise, countries can more effectively dismantle complex criminal networks, ultimately leading to the prosecution of offenders and the disruption of illicit financial activities.*

*The authors explored the main significant challenges in cooperation between financial intelligence units (FIUs), supervisors and «third» countries: (1) legal and regulatory differences (obstacles); (2) political considerations and trust issues; (3) language and cultural barriers; (4) information quality and reliability; (5) asymmetry of resources; (6) time zones and operational hours; (7) data security.*

**Key words:** *criminal proceeds, legalisation (laundering) of income, supervisors, financial intelligence units, financial crimes, financial monitoring.*

**Statement of the problem.** Considering the growing number, complexity and volume of international financial crimes, the study of the interaction and cooperation of financial intelligence units, supervisory and control bodies and «third» countries is being updated.

Today, the globalisation of financial markets and the speed of technological development create an ideal environment for fraudsters and criminal organisations to carry out transnational operations while hiding their tracks. It should be noted that today's so-called financial crimes are increasingly becoming transnational, causing the need for cooperation between different countries and their financial

institutions, which leads to the complexity of the challenges. In turn, criminals and terrorist organisations can finance their operations using financial instruments and channels in third countries.

The global nature of financial crimes can also threaten national and international security, underscoring the need for joint efforts to prevent and combat them. With this in mind, effective counteraction to international financial crime requires active cooperation between financial intelligence units, national authorities and «third» countries.

**Task statement.** The purpose of the article is a comprehensive analysis of the interaction of the financial intelligence units (FIUs), supervisors, and «third» countries in the context of effective countermeasures

<sup>1</sup> This research project is funded by the British Academy (RaR\100538)

against the legalisation (laundering) of criminal proceeds, financing of terrorism and weapons of mass destruction.

**The main material of the research.** Recently, there has been an increase in initiatives and agreements between countries to increase the level of cooperation and exchange of information in order to fight financial crimes.

The development of cryptocurrencies, electronic payment systems and other financial technologies creates new opportunities for abuse and use for the legalisation (laundering) of proceeds obtained through crime, reinforcing the need for international cooperation. In turn, international trade and investment growth emphasises improving cooperation mechanisms between financial institutions and bodies from different countries.

The constant development of financial crimes and new implementation methods requires constant adaptation and improvement of international cooperation to counter such threats effectively. To ensure the sustainable development and prosperity of the global economy, the joint fight against international financial crime remains one of the critical priorities for the international community.

Per International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (the FATF Recommendations), countries should ensure that policy-makers, the financial intelligence unit, law enforcement agencies, supervisory authorities and other competent authorities at the policy and operational levels, have effective mechanisms that would allow them to cooperate and, where appropriate, coordinate and share information domestically concerning the development and implementation of policies and measures to combat money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction [1].

The author highlighted that the given Recommendations outlined that these entities should have effective mechanisms to cooperate and share information domestically to combat financial crimes effectively. This cooperation is crucial to address the dynamic and evolving nature of money laundering, terrorism financing, and proliferation financing activities, which often transcend national borders. By sharing information and coordinating efforts, countries can enhance their ability to identify and respond to potential threats and suspicious activities, thereby strengthening the global anti-money laundering and combating the financing of terrorism framework and making it more difficult for criminals and terrorists to exploit the international financial system.

Analysing this issue from the point of view of its consolidation in the national legal framework, we draw attention to 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».

Namely, Article 30 of the aforementioned legislative act defines and establishes the primary and general principles of international cooperation in the field of prevention and countermeasures against the legalisation (laundering) of proceeds obtained through crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction. In particular, it is established that international cooperation in the field of prevention and countermeasures is carried out according to the principle of reciprocity following this Law, international treaties of Ukraine, the binding consent of which was given by the Verkhovna Rada (Parliament) of Ukraine, and other normative legal acts [2].

In a general sense, in our opinion, the principle of reciprocity in international cooperation means that states act mutually in certain spheres and interact with each other based on mutual rights and obligations. This means that one state can cooperate with other states only if the other states are willing to cooperate.

In turn, Article 31 clearly distinguishes and establishes the powers of state bodies to ensure international cooperation in prevention and countermeasures and the procedure for their implementation. In particular, the specially authorised entity – the State Financial Monitoring Service of Ukraine, under international treaties of Ukraine, on the principle of reciprocity or its initiative, carries out international cooperation with the relevant authorities of foreign countries to exchange experience and information on prevention and countermeasures.

The provision by a specially authorised entity - the State Financial Monitoring Service of Ukraine to a relevant authority of a foreign state of information with limited access is carried out per the procedure established by law and on the condition that the body of a foreign state ensures no lower level of protection of such information than that used in Ukraine.

Such information can be provided by a specially authorised body to the relevant body of a foreign state exclusively for use during operational analysis in cases of legalisation (laundering) of proceeds obtained through crime, financing of terrorism or financing of the proliferation of weapons of mass destruction, or in cases related to the commission of a socially dangerous act, as a result of which criminal income was obtained [2].

As the author mentioned before, analysing cooperation between financial intelligence units (FIUs), supervisors, and «third» countries is crucial for effectively combating money laundering, terrorist financing, and other financial crimes that transcend national borders. In financial intelligence and international cooperation, «third» countries refer to countries that are not directly involved in a particular transaction or investigation but are outside the primary jurisdiction where the financial activity is taking place. These countries might have valuable information or be part of the broader network of financial transactions related to the investigation. When it comes to financial intelligence and combating money laundering, terrorist financing, and other financial crimes, «third» countries play a significant role:

(1) cross-border transactions. Financial transactions often involve multiple jurisdictions. In such cases, «third» countries may be transit points or final destinations for illicit funds, making their cooperation essential for tracking the flow of money;

(2) financial hubs. Some «third» countries may act as significant financial centres attracting international transactions, including potential illicit activities. Cooperation with these hubs is crucial for identifying and disrupting financial crime networks;

(3) beneficial ownership. In cases involving shell companies and complex ownership structures, «third» countries may be «home» to the ultimate beneficial owners. Obtaining information from these countries can be vital for understanding the true identities behind suspicious transactions;

(4) offshore accounts. «Third» countries may offer favourable tax and regulatory environments, making them attractive locations for holding offshore accounts used for illicit purposes. Accessing information from these jurisdictions can be challenging but necessary;

(5) money laundering channels. Criminal organisations often use international channels to launder money. Cooperation with «third» countries can help uncover these channels and disrupt the laundering process;

(6) international terrorist financing. Terrorist groups may receive funding from sympathisers or sponsors in «third» countries. Collaborating with these countries is essential to curb terrorist financing.

(7) legal assistance. Mutual legal assistance as a method of cooperation and other international agreements are often required to facilitate the exchange of financial intelligence and evidence between jurisdictions.

However, cooperation with «third» countries comes with challenges such as differing legal systems, data protection laws, political considerations,

and resource disparities. Establishing effective channels for communication, information sharing, and mutual support is essential for successful international cooperation in combating financial crimes involving third countries.

Analysing in general interaction of the financial intelligence units (FIUs), supervisors, and «third» countries in the context of effective countermeasures against the legalisation (laundering) of criminal proceeds, financing of terrorism and weapons of mass destruction, the author outlined the main points and challenges regarding this cooperation. It can be summarised as follows:

– information sharing. Financial intelligence units (FIUs), supervisors, and «third» countries must share relevant financial intelligence and information to identify and track illicit financial activities across jurisdictions. This includes sharing suspicious and currency transaction reports and other relevant data. Limited financial intelligence and information sharing between the entities mentioned above can hinder the detection and tracking of complex financial crime networks. Legal and regulatory differences, concerns about data privacy, and political considerations may restrict the extent of information exchange;

– joint investigations. Collaborative efforts can lead to joint investigations that pool resources, expertise, and data from multiple countries. These investigations increase the chances of uncovering complex financial crime networks;

– capacity building. Developing the capabilities of financial intelligence units and supervisors, «third» countries is essential for enhancing their ability to detect and report suspicious activities. This may involve training programs, technical assistance, and knowledge sharing;

– harmonisation of standards. Establishing common regulatory and supervisory standards across countries can facilitate cooperation by reducing legal and administrative barriers to information exchange;

– memoranda of understanding. Formal agreements between countries outlining the terms of cooperation can provide a legal framework for sharing information and conducting joint operations;

– sharing best practices. Learning from successful strategies and practices in different jurisdictions can lead to improved methods of combating financial crimes.

The issue of the challenges of such interaction is also gaining importance. In particular, the following should be highlighted:

– legal and regulatory differences (obstacles). Variations in legal systems and data protection regulations can hinder the smooth exchange of information

between countries. Harmonising laws and ensuring data privacy are critical challenges;

– political considerations and trust issues. Geopolitical dynamics and national interests can impact the willingness of countries to collaborate fully. Building trust and ensuring transparency in sharing information can be difficult, particularly in cases involving sensitive or high-profile investigations;

– language and cultural barriers. Communication challenges due to different languages and cultural norms can hinder effective collaboration;

– information quality and reliability. Ensuring the accuracy and reliability of shared information is vital to avoid acting on false or misleading data;

– asymmetry of resources. Disparities in resources and capabilities between countries can affect the contribution level and benefit from the cooperation. Variations in the capacity and resources of financial intelligence units (FIUs), supervisors, and «third» countries can affect the contribution level and benefit from cooperation efforts. Countries with limited resources may struggle to keep up with the demands of international collaboration;

– time zones and operational hours. Differences in time zones can slow down communication and coordination during time-sensitive investigations. Dealing

with different time zones can slow down communication and response times, potentially delaying critical aspects of investigations;

– data security. Protecting sensitive financial data during transmission and storage is critical to prevent unauthorised access and data breaches. Securely transmitting and storing sensitive financial data across borders requires robust data security measures to prevent unauthorised access and cyber threats.

**Conclusions.** Addressing these challenges requires ongoing dialogue, commitment to international standards, and the establishment of robust frameworks for cooperation that respect the sovereignty of each nation while emphasising the shared goal of combating financial crimes globally.

The main points of cooperation between financial intelligence units (FIUs), supervisors, and «third» countries can be outlined: information sharing; joint investigations; capacity building; harmonisation of standards; memoranda of understanding; sharing best practices. At the same time, the author highlighted the issue of the challenges of such interaction: legal and regulatory differences (obstacles); political considerations and trust issues; language and cultural barriers; information quality and reliability; asymmetry of resources; time zones and operational hours; data security.

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#### Уткіна М.С. СПІВРОБІТНИЦТВО МІЖ ПІДРОЗДІЛАМИ ФІНАНСОВОЇ РОЗВІДКИ Й ОРГАНАМИ НАГЛЯДУ ТА «ТРЕТІМИ» КРАЇНАМИ: ОСНОВНІ АСПЕКТИ ТА ПРОБЛЕМИ

*Стаття присвячена комплексному аналізу взаємодії підрозділів фінансової розвідки (ПФР), наглядових органів та «третіх» країн у боротьбі й протидії з фінансовими злочинами, легалізацією (відмиванням) доходів, одержаних злочинним шляхом та фінансуванням тероризму. У статті наголошується на важливості інтенсивної й ефективної співпраці та обміну інформацією між підрозділами фінансової розвідки, органами фінансового нагляду та регуляторними органами в різних країнах.*

*Ці організації можуть виявляти та запобігати незаконній фінансовій діяльності, яка часто виходить за межі державних кордонів, обмінюючись розвідувальними даними та досвідом. У статті підкреслено центральну роль підрозділів фінансової розвідки у сприянні такого роду співпраці. Ці спеціалізовані підрозділи діють як координаційний центр для збору, аналізу та розповсюдження фінансової інформації відповідним зацікавленим сторонам. Їхня здатність швидко обмінюватися інформацією з іноземними партнерами та «третіми» країнами має вирішальне значення для боротьби зі світовими фінансовими злочинами.*



*Ефективний обмін розвідувальними даними та спільні розслідування мають вирішальне значення для відстеження злочинних мереж і притягнення винних до відповідальності. Узгодження нормативно-правової бази забезпечує відповідність фінансових установ світовим стандартам, зміцнюючи цілісність міжнародної фінансової системи. Розвиток потенціалу в менш розвинених країнах допомагає створити надійні системи фінансової розвідки, сприяючи глобальній співпраці.*

*Об'єднуючи ресурси та досвід, країни можуть ефективніше ліквідувати складні злочинні мережі, що зрештою призведе до судового переслідування правопорушників і припинення незаконної фінансової діяльності.*

*Автор визначила основні серйозні виклики у співпраці між підрозділами фінансової розвідки (ПФР), наглядовими органами та «третіми» країнами: (1) правові та регуляторні відмінності (перешкоди); (2) політичні міркування та питання довіри; (3) мовні та культурні бар'єри; (4) якість і надійність інформації; (5) асиметрія ресурсів; (6) часові пояси та години роботи; (7) безпека даних.*

**Ключові слова:** злочинні доходи, легалізація (відмивання) доходів, наглядові органи, підрозділи фінансової розвідки, фінансові злочини, фінансовий моніторинг.