

INTERNATIONAL STANDARDS AND EXPERIENCE OF DEVELOPED
COUNTRIES IN COMBATING INTERNATIONAL MONEY LAUNDERING OPERATIONS

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Annotation: *This thesis provides analytical information on international money laundering operations that arise during the implementation of international financial relations, their function and goals. at the same time, the practice of combating it is illuminated.*

Key words: *financial operations, money laundering, international trade, FATF, anti-money laundering system, financial data.*

INTRODUCTION

Nowadays, the world is getting smaller day-by-day via smart and information-communication technologies. The internet has greatly reduced the cost of communication between people. Complementing the offline word-of-mouth communication, online consumer review platforms are now a vital source of information on product quality to consumers. Consequently, most of the countries all over the world have comprehended that rapid economic growth cannot be achieved in an environment with inefficient and cumbersome international trade processes. Big changes and innovations have been implemented to the modernization of international trade.

According to experts, the still low effectiveness of the fight against the laundering of "dirty" money is largely due to ignorance of the technology of such laundering, especially since different financial centers often use different laundering mechanisms. Meanwhile, the money laundering technology used in each specific case, although it depends on factors such as the nature or origin of "dirty" money, their volume, and the frequency of laundering, still contains certain patterns that are often associated with the use of money laundering for legalization (laundering) means of their movement abroad.

LITERATURE REVIEW

The definition of money laundering, according to HM Revenue and Customs, is quite simple. Yet, the act in itself is much more complex: "...Exchanging money or assets that were obtained criminally for money or other assets that are 'clean'."

Money laundering is a serious type of criminal fraud whereby illegal money is acquired and turned into legal tender. Three distinct money laundering stages are then

followed for the 'dirty' illegal money to be reintegrated into the legal, financial system for the criminal's benefit.

Briefly described, "money laundering" is the process by which proceeds from a criminal activity are disguised to conceal their illicit origin. More precisely, according to the Vienna Convention and the Palermo Convention provisions on money laundering, it may encompass three distinct, alternative actus reas: (i) the conversion or transfer, knowing that such property is the proceeds of crime (ii) the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime; and (iii) the acquisition, possession or use of property, knowing, at the time of the receipt, that such property is the proceeds of crime.

James Cummins at TCF National Bank in Minneapolis has fresh challenges each day – keeping up with latest developments in money laundering and other fraudulent actions. It's an ever-vigilant process. "Fraudsters target weakness in banks," says Cummins, TCF's Executive Vice President, Director of BSA, Compliance & Fraud.

All it takes is for one bank to falter and fraudsters gain a new portal to launder money. That one bank's weakness could affect the whole industry, bringing greater regulatory scrutiny down upon all financial institutions. As Cummins notes, "all major regulatory change has come as a result of catastrophe".

According to the Recommendation 6 of the FATF 40+9 Recommendations and Paragraph 7 of the Methodology for Assessing Compliance with the FATF 40+9 Recommendations, are particularly relevant to anti-corruption efforts. The essential connections are:

- Money laundering (ML) schemes make it possible to conceal the unlawful origin of assets. Corruption is a source of ML as it generates large amounts of proceeds to be laundered. Corruption may also enable the commission of a ML offense and hinder its detection, since it can obstruct the effective implementation of a country's judicial, law enforcement and legislative frameworks.

- When countries establish corruption as a predicate offense to a money laundering charge, money laundering arising as a corrupt activity can be more effectively addressed. When authorities are empowered to investigate and prosecute corruption-related money laundering they can trace, seize and confiscate property that is the proceeds of corruption and engage in related international cooperation.

- When corruption is a predicate offense for money laundering, AML preventive measures can also be more effectively leveraged to combat corruption.

According to the views of the scientist V.A.Grigorevich, the monetary sphere remains one of the most vulnerable to criminal encroachments related to the legalization (laundering) of criminally obtained funds. Such crimes are distinguished by diversity, sophistication, highly intellectual character, active adaptation of criminals to new forms and methods of entrepreneurial activity.

ANALYSIS AND DISCUSSION

Money laundering is a costly crime for countless people and governments. Here are some insights our research uncovered:

- **Money laundering in the U.S. makes up 15%-38% of the money laundered globally.**

Worldwide, there are between \$800 billion and \$2 trillion laundered annually. The United States makes up at least \$300 billion of that figure, meaning that the U.S. is responsible for 15%-38% of the money laundered annually.

- **Despite 91.1% of money laundering offenders being imprisoned, 90% of money laundering crimes go undetected.**

While a 91.1% imprisonment rating is high, it neglects to address the fact that there are very few cases of money laundering crimes. In fact, in 2019, there were only 990 cases, as the vast majority of money laundering crimes go undetected.

- **Richmond, Virginia, is ranked #1 for white-collar crimes, at 7,504 crimes per 10,000 people.**

This is extremely high, especially when considering the fact that the second-highest, Miami, only has 4,237 white-collar crimes per every 10,000 people. Additionally, the worst city for identity theft is Columbus, Ohio, with 368 crimes per 10,000 people.



Picture 1. International AML regulators.
Afghanistan.

Afghanistan has the highest money laundering risk, with an AML score of 8.16. The second and third place on the list belongs to Haiti and Myanmar, with 8.15 and 7.86, respectively. Here is more information about money laundering statistics by country:

The minimum jail sentence for money laundering is one year, and the minimum fine is \$1,000. However, felony money laundering has come with a hefty minimum fine of \$250,000.

It's clear that the numbers associated with money laundering aren't going to decrease any time soon. In fact, money laundering has only seemed to increase since the start of the pandemic. Here are the facts:

- **Despite a decrease in pre-pandemic offenses, 2020 saw money laundering fines five times larger than 2019.**

From 2018 to 2019, money laundering crimes actually decreased by 13%. There were only 990 cases. However, in the past two years, there's been a dramatic increase in total fines.

- **The anti-money laundering software market is expected to experience a CAGR of 14% between 2021-2025.**

While the anti-money laundering software market had a value of \$879 million in 2017, that number has grown in the last couple of years. By 2025, the market is expected to reach a value of \$2.09 billion.

- **Financial crime compliance costs have risen by 95% since 2019.**

Rather shockingly, financial crime compliance costs for institutions with at least \$10 billion in assets are projected to reach \$27.8 million in 2021. That number is 36% higher than the annual average in 2020 and 95% higher than the annual average in 2019.

Russia

The Accounts Chamber in 2016 checked how effectively the customs and tax services, the Central Bank and Rosfinmonitoring monitored compliance with the legislation on currency regulation and currency control in 2013-2015. The auditors found out that 1.2 trillion rubles were taken out of the country through illegal trade operations during these three years. The Central Bank annually publishes data on the volume of questionable banking transactions. Among them, the Central Bank highlights those that have signs of money withdrawal abroad. Of the 66 billion rubles withdrawn from the country in 2019 during suspicious transactions, advance payments on imported goods, through which 18 billion rubles flowed, and imports of goods within the EAEU (12 billion rubles) were directly related to imports. In 2018, Rosfinmonitoring published for the first time a National Assessment of the Risks of Money Laundering and Terrorist Financing. This document, prepared in accordance with the FATF recommendations, describes the risks of money laundering in the country and explains measures to minimize it.

In recent years, the volume of financial transactions with signs of illegal withdrawal of funds abroad has been reduced by more than 20 times — from 1.7 trillion rubles to 77 billion rubles in 2017.

Germany

In September 2019, the Anti Financial crime Alliance (AFCA), a public-private partnership, was established in Germany. The AFCA was created in response to the risks found in Germany's NOR. The main task of AFCA is to improve cooperation between the public and private sectors in Germany in the fight against money

laundering and terrorist financing. The PPP includes representatives of the Federal Criminal Police Department, the Federal Financial Supervision Authority and the Financial Intelligence Unit, as well as 14 representatives of the private banking sector. At a meeting in December 2019, AFCA decided to create a working group on ODT under the leadership of the private sector. In order to make the fight against money laundering more targeted, open and effective, in November 2019 Germany held the first national "Coordinated action against Money Laundering" with the participation of the FIU and the supervisory authorities for trade in goods. The campaign was aimed at the auto parts and vehicles sector.

The truth is that in a global market, it can be extremely difficult to detect and catch those who commit crimes. Here are some essential facts about the research:

• **41% of financial institutions are inadequate or severely inadequate to meet AML and sanctions compliance.**

And this isn't incredibly surprising, given the increasing costs. 67% of respondents reported that their spending on AML and sanctions compliance has increased in the past 12 months.

• **Anti-money laundering attempts only recover only 0.1% of criminal funds.**

While there are fines issued in money laundering crimes, the original money laundered is rarely ever recovered. With that in mind, most of those who launder money are free to find ways to use their stolen money.

From the above information, we can see that financial control and its coverage and transparency are important in combating international money laundering operations.

SUGGESTION AND CONCLUSION

As a rule, anti-money laundering legislation is primarily aimed at curbing the financial flows of terrorists and drug dealers and does not affect the operations of law-abiding citizens in any way. However, it should be understood that information about all transactions exceeding a certain amount becomes known to the relevant authorities.

The anti-money laundering program cannot be 100% effective. criminals are using increasingly sophisticated ways to bypass banking programs to detect illegal transactions. these measures increase the bank's ability to preserve the reputation of a conscientious and safe institution with the help of advanced skilled analytics and financial controllers.

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