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BUILDING PERSONNEL POTENTIAL FOR FINANCIAL MONITORING AS A PREREQUISITE FOR FINANCIAL SECURITY OF UKRAINE

Introduction. Anti-money laundering as a function of micro- and macro-level management, is aimed at countering transnational crime and international terrorism. Its introduction is due to Ukraine's desire to build a modern European state, whose existence and functioning aim at protection of the interests of citizens, effective operation of state institutions, and ensuring national security, financial security in particular.

Transnational organized crime, as a phenomenon, is a product of globalization and one of its modern manifestations. The end of the 20th century was marked by a sharp increase in the global scale of organized crime.

The prerequisites for its spread were the same factors that led to the formation of a single economic space of the globalized world, namely the vanishing of geographical borders towards cooperation, the elimination of differences between the internal and external economic activities of business entities, the formation of multinational enterprises, the liberalization of legislation in the field of economic relations and financial markets.

The new stage of international relations led, on the one hand, to the enhancing of interstate cooperation, the deepening of cooperation and production specification, the development of trade, and, on the other hand, to the emerging of interstate criminal groups.

The development of international banks, the expansion of the field of financial services, the use of international payment systems and the emergence of virtual money accelerate the settlement transactions and diversify investment operations at the transnational level, and at the same time, this is effectively used by criminal groups to confuse the origin of illegal income and to legalise it.

In addition, in the 21st century, extremism and terrorism, as its manifestations, increase their negative impact on society. Unsettled international, regional and local conflicts, economic, financial and environmental crises become their preconditions and nurturing environment. Extremist groups possess modern types of weapons, as well as propaganda ideologies that are used to manipulate people's problems and beliefs, influence their consciousness in order to make them attracted to terrorism and expand its social base.

Russia's war against Ukraine, which began on February 24, 2022, has increased instability at the global level and caused a new wave of terrorism.

Multiple events in 2022, 2023 and 2024 showed that this war has significant differences from the wars that preceded. Its most striking feature is Russia's unprecedented terrorism against the civilian population.

Funding of terrorist activities can be carried out with the help of proceeds from legal or illegal commercial activities, criminality, state support for terrorism in countries sponsoring terrorism; countering these requires significant efforts. Terrorist organizations finance themselves through connections with organized criminal groups engaged in extortion, smuggling, theft, illegal mining, corruption and environmental crimes, kidnapping for ransom.

The modern AML system is able to counteract the mentioned phenomena. One of the urgent problems of its development in Ukraine is the provision of appropriate personnel potential. The Law of Ukraine «On Prevention and Combating the Legalization (Laundering) of Criminal Proceeds, the Financing of Terrorism, and the Financing of the Proliferation of Weapons of Mass Destruction» [11] regulates the requirements for specialists involved in this activity, and establishes the procedure for professional development. However, as practice shows, the lack of basic higher education in the field of AML at the bachelor's

and master's level significantly complicates the formation of personnel BASIS for both primary and state AML monitoring.

The purpose of the paper is to analyze the problematic issues that arise during the development of educational programs for the training of AML specialists and to determine ways to solve them.

The methods used in the research: analysis, synthesis, abstraction, generalization, induction, deduction, explanation, classification, systematic, experimental, observation, description, etc.

Results and discussion. At the Kyiv National Economic University named after Vadym Hetman, the efforts of the Department of Tax Management and Financial Monitoring (AML/CFT) at the Faculty of Accounting and Tax Management are aimed at overcoming this problem. In 2021, the educational and professional program of the first (bachelor) level of higher education «AML monitoring and analysis» was launched, in 2022 - the educational and professional program of the second (master's) level «Tax management and AML monitoring in economic security» within the specialty 071 «Accounting and taxation». It should be noted that the launch of these programs was welcomed by professionals and representatives of regulatory bodies who work on the ground - State Financial Monitoring Service of Ukraine, Ministry of Finance - and Assets Recovery and Management Agency (ARMA). At the same time, many questions were raised for the developers of the programs, the response required and requires many intellectual efforts and conducting scientific research on the curriculum and content of the educational process.

The paradigm of the formation of the syllabus became the postulate that primary financial monitoring is always implemented in a certain field of activity: accounting, auditing, banking, insurance, real estate trade, notary, lottery activity, gambling industry, etc., and state financial monitoring is also focused on sectoral professional activity, whose financial monitoring it oversees and regulates. Therefore, the responsible employee of financial monitoring needs to have a deep understanding and knowledge of the professional specifics of the activity of the subject, whether primary or state financial monitoring. From this comes the idea that it is advisable to train students within the framework of a certain specialty, within the framework of which financial monitoring

is carried out. In this aspect, the choice of the field of knowledge 07 «Management and administration» of the specialty 071 «Accounting and taxation», in our opinion, turned out to be successful, because accounting information about financial transactions is a key source for financial monitoring, and the problem of the shadow economy is, on the one hand, the issue of compliance with tax legislation, and, on the other hand, the presence, absence or distortion of the description of economic transactions in accounting. So, among all the variety of professions involved in financial monitoring, accounting and taxation is the most universal in terms of relevance to this area, since accountants, auditors, employees of the State Audit Office, tax consultants work in each or with each company that is the subject of primary financial monitoring.

It should be noted that the development of educational activities at the university level should always be based on scientific achievements not only of a certain field of knowledge, but also of a certain specialty. That is, the presence of an established theory that justifies the terminological apparatus, definitions of concepts, basic laws and regularities of the existence and functioning of the subject of science, which would allow systematization of knowledge, is mandatory for the formation of an educational program in a certain field, etc. Without such a basis, it is impossible or extremely difficult to build a model of the educational process, which would determine the list of mandatory and optional educational components, the content of their work programs as well as educational and methodological support.

With regard to financial monitoring, it should be noted that the study of publications devoted to this topic proves that the vast majority of them are focused on the coverage of specific applied issues, namely the establishment both at the international level and in Ukraine of legal regulation of combating the legalization of criminal income and the financing of terrorism; structural systems of financial monitoring; typologies of legalization of criminally obtained proceeds; experience in organizing the functioning of the financial monitoring system in accordance with FATF standards [2, 3, 6]; peculiarities of financial monitoring of various subjects of primary financial monitoring [4, 5, 8, 13].

However, it cannot be unequivocally stated that there are no theoretical studies on financial monitoring, because there are studies

on the institutionalization of the distribution of powers, competences, and relations between individual bodies that carry out financial monitoring and are based on historical, substantive, functional groups of prerequisites for this process [1]; impact on the effectiveness of the mechanisms of state regulation of the process of countering the development of the shadow economy of the communication system, the hierarchy of power and subordination, established decision-making procedures, transparency in the activities of state structures, providing feedback, the nature of the interaction of relevant state bodies, general and special training of personnel, etc. [7].

The study of the mentioned issues allows us to assert that financial monitoring as a science is still at the stage of formation, and in the works of scientists, an operational approach prevails both to conducting the research itself and to the formulation of their results [9, 10]. At the same time, as the author has already proven, the ontological approach, which would allow to determine the essence of financial monitoring as a science, to propose the formulation of its conceptual basis, subject and method, has not yet been used by researchers. Under such circumstances, it is extremely difficult to define a financial monitoring program as an educational component as well as educational and methodological support of this discipline.

The next problem related to this aspect is to establish a list of curriculum disciplines that would reveal the uniqueness, special nature of the educational program and its focus.

The specialty of the educational program «Financial Monitoring and Analysis» at the bachelor's level is due to the fact that its interdisciplinary nature provides applicants not only with a professional theoretical basis for the specialty 071 «Accounting and taxation», but also allows them to adapt to new areas of activity of accountants and auditors, as specifically defined sub entities of primary financial monitoring in accordance with European and updated Ukrainian legislation.

Its uniqueness lies in the fact that it is the first bachelor's program in Ukraine in the specialty 071 "Accounting and Taxation", the goals of which include in-depth mastering by students of financial monitoring methodology and analytical tools for studying data to identify risky

financial transactions with the aim of preventing and countering the legalization of criminal proceeds, financing of terrorism and the proliferation of weapons of mass destruction, as well as managing the risks of shadowing the economy.

The focus of the educational programme is complex and oriented training of specialists of the new generation who are capable, relying on knowledge of accounting and taxation, to face the challenges of the spread of transnational economic crime and corruption in the financial sphere on the ground, as well as to conduct analytical studies of typologies of money laundering risks, which will expand their employment opportunities.

This understanding led to the step when in the framework of educational programme new additional integral for this field of activities special competencies and program outcomes were introduced to the list defined by the Standard of Higher Education of Ukraine of the first (Bachelor's) level of the field of knowledge 07 «Management and administration» specialty 071 «Accounting and taxation» [12].

An important issue is the integration of the academic disciplines of accounting and economics, tax direction and financial monitoring in the educational program. To justify such a combination in the formation of goals, special competencies, program results, educational disciplines, the experience of Utica University – the educational program «Bachelor of Science in Fraud and Financial Crime Investigation»¹, Keizer University – the educational program «Financial Crime Investigation, BA» was studied (<http://surl.li/gmlld>), The City University of New York and John Jay College of Criminal Justice – OP «Fraud Examination and Financial Forensics Anti-fraud Education from an Interdisciplinary Perspective (The Bachelor of science in Fraud Examination and Financial Forensics)»². The study showed that the above educational programs provide interdisciplinary training, which aims to integrate knowledge of accounting, taxation, audit and analysis and knowledge of the methodology and organization of financial monitoring, and gave grounds for the development of a number of special competencies, program results and educational components.

¹ <https://programs.online.utica.edu/programs/bachelors-cybersecurity>

² <https://www.jjay.cuny.edu/academics/academic-resources-services/academic-advisement-center/major-advisement-resources/major-resource-pages/fraud-examination-financial-forensics-major-resources>

Special competencies that form a specialist in the specialty «Accounting and taxation» with profound knowledge and skills in the field of financial monitoring, namely:

- Knowledge of basic theories, principles, methods and concepts in the field of prevention and countermeasures against the legalization (laundering) of proceeds obtained through criminal activities, financing of terrorism and financing of proliferation of weapons of mass destruction;
- Ability to detect suspicious financial transactions of economic entities based on the study of typical criminal schemes in order to prevent and counter the legalization of proceeds of crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction;
- Ability to organize the work of primary financial monitoring subjects, develop rules, programs and other internal documents on financial monitoring issues, carry out due diligence of clients, establish the ultimate beneficial owner of the client;
- Ability to manage the risks of legalization of proceeds of crime, financing of terrorism and financing of proliferation of weapons of mass destruction;
- Ability to identify the sources of assets origin for the prevention of predicate crimes in the field of economic activity, as a result of which proceeds related to the legalization (laundering) of funds arise.

The following are included in the program results, which ensure the training of accountants and auditors in financial monitoring and reflect the development trends of speciality 071 and the labor market:

- Ability to determine the procedure for conducting financial monitoring by subjects of primary financial monitoring, identify financial transactions subject to financial monitoring, suspension, freezing of assets; establish cooperation with the subject of state financial monitoring, state and law enforcement agencies;
- Understanding of schemes and mechanisms of legalization of criminally obtained proceeds, ability to determine indicators of selection of suspicious financial transactions for their timely prevention;
- Ability to apply modern methods of national and sectoral risk assessment; use a risk-oriented approach when conducting financial monitoring;

- Ability to determine and understand peculiarities of the organization of primary financial monitoring, documentation and storage of information about transactions subject to financial monitoring;

- Ability to apply methods of summarizing information about the sources of origin of assets in a certain sphere of illegal economic activity to counter transnational economic crime.

The above mentioned special competencies and program results are aimed to form knowledge and skills regarding financial monitoring of primary financial monitoring entities, understanding mechanisms of income legalization, conducting national and sectoral risk assessment; use of a risk-oriented approach, organization of financial monitoring, finding information on sources of assets origin.

This approach enabled the development of a number of mandatory and optional subjects that detailed the basic course «Financial Monitoring» and supplemented the curriculum of professional training in specialty 071 «Accounting and taxation». Among the disciplines of this educational program are «Beneficial ownership in the financial monitoring system», «Analysis in the financial monitoring system», «FATF standards», «Predicate analysis», «Audit and diagnosis of corporate fraud», «Typologies of financial crimes».

When developing the syllabus of the listed academic disciplines, it was taken into account that financial monitoring as a practical activity and as a science is formed at the intersection of law, finance, financial control, financial analysis, risk-oriented management, accounting, as an information basis for tracking financial transactions and the movement of dirty funds [10].

At the same time, the fact was taken into account that when studying the problems of financial monitoring in lectures and practical classes, it is necessary to reveal issues that are not traditional for the specialty 071 «Accounting and taxation». For example, in the course «Financial Monitoring» it is proposed to consider the topic «Terrorism and its financing as international and national crimes», and the issues covered by this include:

- Historical and socio-political origins of terrorism
- Manifestations of terrorism in Ukraine. Russian terrorism against the civilian population of Ukraine

- Cybercrime, information and other new types of modern terrorism
- Global index of terrorism
- International legislation on combating terrorism and its financing
- The issue of combating the financing of terrorism and the financing of the proliferation of weapons of mass destruction in the FATF Standards

- Legislation of Ukraine in the field of preventing and countering terrorism

- Targeted financial sanctions related to terrorism and terrorist financing

This approach provided an interdisciplinary approach to the creation of an educational program and to the formation of the mindset of a student.

Conclusions. Globalization challenges, the war in Ukraine, as well as positive developments on the way to Ukraine's accession to the European Union require higher education to find new approaches to the training of human resources as a prerequisite for financial security.

The conducted research has enabled to conclude the following:

- It is advisable to train specialists for the financial monitoring system within the framework of specialties that provide for the formation of specialists in a certain field of activity in which primary financial monitoring is implemented, in particular specialty 071 «Accounting and taxation».

- The creation of innovative educational programs, such as «Accounting and Analysis» and the bachelor's level of higher education, should be based on the research that exists in the chosen field. At the same time, the very process of developing such programs is a deep scientific study that requires the participation of a powerful team of scientists.

- Specification of special competencies, program results, educational components should be based on the standard of the basic specialty and take into account the interdisciplinary nature of educational programs, if that is the case.

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