BUSINESS-STATE INTERACTION IN THE FIELD OF ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

TRENDS AND FORECASTS: SCIENTIFIC ASSESSMENT

<table>
<thead>
<tr>
<th>Field</th>
<th>Total number of risks</th>
<th>Most probable risks</th>
<th>Structural risk level</th>
<th>Total risk level</th>
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<tbody>
<tr>
<td>Banks</td>
<td>34</td>
<td>6</td>
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<tr>
<td>Accounting</td>
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<td>9</td>
<td>High</td>
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<td>Jurisprudence</td>
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<td>7</td>
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<td>Financial services</td>
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<td>7</td>
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<td>Medium</td>
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<tr>
<td>Business structures</td>
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<td>6</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Real estate agents</td>
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<td>7</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Luxury goods</td>
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<td>6</td>
<td>Low</td>
<td>Low</td>
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<tr>
<td>Ibn</td>
<td>10</td>
<td>5</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Casino</td>
<td>10</td>
<td>3</td>
<td>Low</td>
<td>Low</td>
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<tr>
<td>Cash</td>
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<td>7</td>
<td>High</td>
<td>High</td>
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<tr>
<td>Electronic payments</td>
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<td>6</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Digital currencies</td>
<td>5</td>
<td>3</td>
<td>Low</td>
<td>Low</td>
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</tbody>
</table>

MACRO-TRENDS IN THE FINANCING OF TERRORISM (S. Kiser method)

The number of sponsors
The average amount of contributions


SOURCES AND COMPONENTS OF TERRORISM

«Ideological» terrorism
«Religious» terrorism
«National» terrorism

Third-world countries support
Supply on account of the informal sector
Private individuals support
THE PROMISING MODELS OF BUSINESS-STATE INTERACTION IN THE FIELD OF AML/CFT

RISK ASSESSMENT

- Carrying out independent examinations
- Consulting with business sector about the implementation of international AML/CFT standards (organizing advisory forums, preparing methodical recommendations)

PRECAUTIONS

SUPPRESSION

MAIN TENDENCIES OF INTERNATIONAL COOPERATION IN THE SPHERE OF AML/CFT

- Consolidation of the international cooperation on the basis of regional organizations (OSCE, EAG, EvrAzES, BRICS etc.)
- Involvement of the private sector in the sphere of evaluation, monitoring and prevention of money-laundering and the financing of terrorism
- Detection and examination of new criminal schemes. Exchange of experience in the field of investigation of new typologies of money-laundering and financing of terrorism, working out a global strategy of its suppression
- Organization of state cooperation in preventing the creation of "one day" firms, criminal schemes, customer-not-present paid bills, and pre-term return of assets
- Establishment of new guidelines with regard to the prevention of the criminal scheme "five flags"
- Monitoring new hi-tech challenges
NEW HI-TECH CHALLENGES FOR THE AML/CFT SYSTEM

In-game currencies
Cryptocurrencies
Quasi-payment instruments

FATF: BASIC CLASSIFICATION

Convertible currencies
- Can be sold/bought
- Rubles, euros, dollars

Non-convertible currencies
- Functioning in “closed” systems
- “Monopoly” money

Limited convertibility currencies
- Possible to buy, impossible to sell
- Almost all virtual currencies

BENEFITS AND RISKS OF CRYPTOCURRENCY TURNOVER

BENEFITS
- Management by means of private sub-corporate groups
- A step on the way to the innovation-based economy
- Formation of global market
- Development of clusters and national innovative capital
- Protection of private capital through the internal acquisition of assets
- Absence of financial framework in the circulation
- Great potential for transactions 24/7
- Opportunity to carry out micropayments
- Supervision of control-demanding spheres

RISKS
- Limited emission and control over issuing agents
- Application in cross-border operations
- Foreign trade control
- Private use
- Free circulation
- Underdevelopment of the innovation-based economy
- Lack of control over miners
- Decentralized nature of cryptocurrency
Decentralized crypto currencies are a stress test for the regulation
• They’re hard to outlaw, we can only control them

Conditions of the legalization:

Who must be identified?

Exchanges as an object of supervision

Identification of the user at the stage of cashing crypto currency

MINING AND PROCESSING
• banks (accredited by the CBR) which control processing
• the transaction information is available for supervisory bodies
• licensing of specific kinds of activity related to the crypto currency turnover
• limitations of mining organizations
• market participants identification

International positions and national regulation

Positive
European Banking Authority (EBA)
New York State Department of Financial Services (NYDFS)
Commonwealth of Nations

Neutral
European Securities and Markets Authority (ESMA)
Financial Services Authority (FSA)
European Parliament

Negative
Europol
National Central Banks

Prohibition
Iceland
China
Estonia

Guidelines
USA (federal level)
Germany
Norway
Sweden

Legislation
USA (New York)
United Kingdom
Sweden
ML/FT schemes involving cryptocurrencies

Cyber-attack ransoms → Exchange services → Credit union → Offshore bank accounts

Darknet markets → Exchange services → Prepaid debit cards → ATM withdrawals

Darknet markets → Cryptocurrency over e-mail → Cash over mail

PROGRAMME OF TOMORROW (NATIONAL ANTI-CORRUPTION PLAN)

Intensification of the influence of the ethical and moral standards

- Civil servants’ oath
- Codes of Business Conduct

Development of informational, propaganda and educational anti-corruption measures

- Holding an anti-corruption youth festival
- Social advertising competition
CORRUPTION PATTERNS:

1. Corruption as business
2. Displays of intrusiveness
3. Changes in the contingent of bribetakers
4. Improper use of budget funds; public purchases
5. Absence of unified practice of combating corruption

<table>
<thead>
<tr>
<th>CORRUPTION MODELS</th>
<th>DEVELOPED COUNTRIES</th>
<th>DEVELOPING COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>«Official - business»</td>
<td>«Official - citizen»</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>ANTI-CORRUPTION STRATEGIES</th>
<th>DEVELOPED COUNTRIES</th>
<th>DEVELOPING COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the level of authority-business interaction</td>
<td>At the level of officials</td>
<td></td>
</tr>
</tbody>
</table>