

DEVELOPING THE RISK MANAGEMENT SYSTEM IN THE ACTIVITY OF FINANCIAL INTELLIGENCE DIVISION

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Vnuкова N. M., Achkasova S. A., Horianyk O. V. Developing the Risk Management System in the Activity of Financial Intelligence Division

The article substantiates the contents of risk management. The existing approaches to definition of the essence of both risk management and risks management are generalized. It is determined that formation of an efficient institutional structure of the risk-oriented system of counteraction to the funds laundering, financing of terrorism and financing the proliferation of weapons of mass destruction (FL/FTPW) by improving the personnel, financial, informational, methodical provision of counteraction to the FL/FTPW is the basis of development of the risk management system. Namely the indicators of the financial security are of great significance in the provision of risk management in the activity of the State financial monitoring service of Ukraine. An econometric model is built and its basic characteristics are defined. It is determined that the most important in the development of the system of risk management in the activities of the State financial monitoring service of Ukraine are the indicators of the ratio of the number of the information messages about the suspicious financial transactions of banking institutions to the total number of the entities of primary financial monitoring (EPFM) of banking sector together with the ratio of the information messages about the suspicious financial transactions of non-banking institutions to the total number of the EPFM of non-banking sector.

Keywords: risk, risks management, financial intelligence division, risk-oriented system.

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Внукова Н. М., Ачкасова С. А., Горяник О. В. Розвиток системи забезпечення ризик-менеджменту в діяльності підрозділу фінансової розвідки

У статті обґрунтовано змістовне наповнення ризик-менеджменту. Узгалянено існуючі підходи до визначення сутності ризик-менеджменту й управління ризиками. Встановлено, що формування ефективної інституційної структури ризик-орієнтованої системи забезпечення протидії ВК/ФТРЗ шляхом удосконалення кадрового, фінансового, інформаційного, методичного забезпечення протидії ВК/ФТРЗ є основою розвитку системи ризик-менеджменту. Важливе значення щодо забезпечення ризик-менеджменту в діяльності Держфінмоніторингу України надається саме показникам фінансового забезпечення. Побудовано економетричну модель і визначено її основні характеристики. Визначено, що найбільшого значення в розвитку системи забезпечення ризик-менеджменту в діяльності Держфінмоніторингу України займають показники співвідношення кількості інформувальних про підозрілі фінансові операції банківських установ до загальної кількості СПФМ банківського сектора та співвідношення кількості інформувальних про підозрілі фінансові операції небанківських установ до загальної кількості СПФМ небанківського сектора.

Ключові слова: ризик, ризик-менеджмент, підрозділ фінансової розвідки, ризик-орієнтована система.

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Внукова Н. М., Ачкасова С. А., Горяник О. В. Развитие системы обеспечения риск-менеджмента в деятельности подразделения финансовой разведки

В статье обосновано содержательное наполнение риск-менеджмента. Обобщены существующие подходы к определению сущности риск-менеджмента и управления рисками. Установлено, что формирование эффективной институциональной структуры риск-ориентированной системы обеспечения противодействия ОД/ФТРО путем усовершенствования кадрового, финансового, информационного, методического обеспечения противодействия ОД/ФТРО является основой развития системы риск-менеджмента. Важное значение в обеспечении риск-менеджмента в деятельности Госфинмониторинга Украины придается именно показателям финансового обеспечения. Построена эконометрическая модель и определены ее основные характеристики. Определено, что наибольшее значение в развитии системы обеспечения риск-менеджмента в деятельности Госфинмониторинга Украины занимают показатели соотношения количества информирований о подозрительных финансовых операциях банковских учреждений к общему количеству СПФМ банковского сектора и соотношение количества информирований о подозрительных финансовых операциях небанковских учреждений к общему количеству СПФМ небанковского сектора.

Ключевые слова: риск, риск-менеджмент, подразделение финансовой разведки, риск-ориентированная система.

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Improvement of activity of authorized bodies of the State power in the sphere of prevention and counteraction to legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction, forms and methods of risk-oriented approach in the sphere of financial monitoring are the priority measures defined by the Strategy of development of the system of prevention and counteraction of legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction for the period up to the year 2020 [16]. That is why the issue of development of the risk management system in the framework of activity of the State financial monitoring service of Ukraine is of particular relevance, which is the body [15] authorized by Ukraine in execution of functions of a financial intelligence division.

Analysis of the most recent publications on the indicated problem. Such scientists as Zh. Andriyenko [1; 18], O. Kolodizev [3], D. Hontar [4; 18] and others researched issues of realization of the risk-oriented approach. In particular, Zh. O. Andriyenko [1; 18] presented the place of financial monitoring in the system of risk management of the financial services markets. O. M. Kolodizev and I. M. Chmutova [3] defined changes in the standards of the Group on development of financial measures in countering the funds laundering [17] (hereinafter – FATF), analyzed the use of risk-oriented approach by various countries in countering funds laundering, financing of terrorism and financing the proliferation of weapons of mass destruction (hereinafter – FL/FTPW), systematized the position of risk management as to the FL/FTPW in foreign practice. D. D. Hontar and N. M. Vnukova [4; 18] substantiated the basic aspects of the concept of formation of the risk-oriented system of countering the FL/FTPW. However, the issues of developing a financial intelligence division based on risk management remain insufficiently elaborated.

The article is *aimed* at the theoretical and analytical substantiation of development of the system of risk management in the activity of financial intelligence division.

According to the Law of Ukraine «On ratification of the Council of Europe Convention on laundering, search, seizure and confiscation of proceeds of crime and on financing of terrorism» [15] the State financial monitoring service of Ukraine is the body authorized by Ukraine in the performance of functions of the financial intelligence division. According to the 29th Recommendation of the international FATF Standards [10; 17] the countries should establish a financial intelligence division, which is a national center for receiving and analyzing of: information messages about the suspicious financial transac-

The research was carried out in terms of the fundamental research of "Risk-oriented approach in countering funds laundering, financing of terrorism and financing the proliferation of weapons of mass destruction" № 54/2018-2020 (the State registration number 0118U000058)

tions, other information that is relevant to the laundering of funds, related predicate offenses, and to distribution of the results of such analysis.

The State service of financial monitoring of Ukraine carries out analyzing of financial operations, based on the risk-oriented approach, taking into consideration the international experience of counteracting the FL/FTPW [8].

Thus, in the questionnaire, according to the National risk assessment in the sphere of prevention and counteraction to legalization (laundering) of proceeds of crime and of financing of terrorism [15], in particular for the banking sector, non-banking financial sector, sector of professional stock market participants, sector of representatives of non-financial professions, there are questions concerning: providing the information about the risks of FL/FTPW, which your institution in the course of its activity is encountered with mostly; whether computer programs (technologies) are used to analyze the financial transactions in order to identify possible risks in the sphere of counteraction to the FL/FTPW, whether databases are used to identify risky clients/operations in the sphere of counteraction to the FL/FTPW.

It should be noted that the concept of risk management is interpreted, its features, properties, elements, functions and stages are defined. The most common is the definition of risk management as a risk management system [1]. Also, risk management is determined by the process of influence of the subject of management on the object in order to minimize the negative consequences of certain factors [2].

The main prerequisite for the functioning of risk management system is that the risks must be understandable and meet the strategic objectives. Risk management can be viewed from different perspectives: as a field of scientific knowledge, as an economic phenomenon, as a management system and as a managerial process (Fig. 1).

As seen from the Fig. 1, the activity areas of risk management are diversified and well-formed for further action. The management process itself, which has a direct impact on the system of ensuring risk management in the activities of the financial intelligence division, requires serious attention.

The main objectives of risk management can be [5]: timely identification of possible environment factors that will have an impact on performance; assessment of the probability of occurrence and degree of influence of these factors; prevention of external and internal hazards and threats; security and assurance of protection; creation of favorable environment of functioning, liquidation of consequences of the caused losses, etc.

The issue of activity of the State financial monitoring service of Ukraine on the bases of risk management is of relevance because it represents a financial intelligence division of the so-called «administrative type» and is the central body of executive authority, which implements

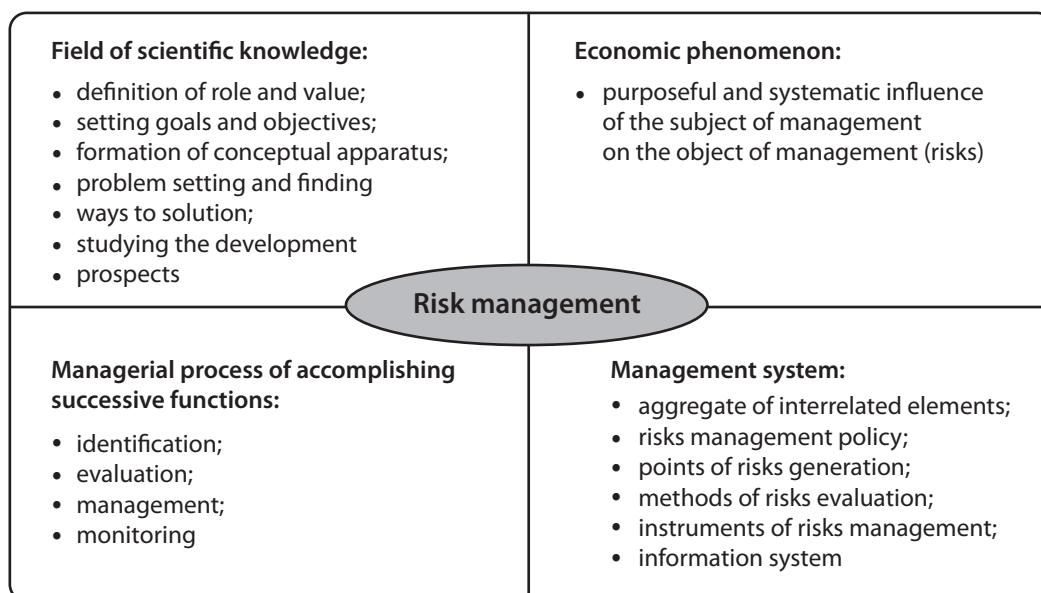


Fig. 1. Activity areas of risk management

Source: composed on the basis of [2].

the State policy in the sphere of counteraction to the FL/FTPW. Thus, the main tasks and functions of the financial intelligence division include [12]: collection, processing and analysis (operational and strategic) of the information on the financial transactions, which are subject to financial monitoring, other financial transactions or information that may be related to suspicion of the legalization (laundering) of proceeds of crime, or financing of terrorism, or financing the proliferation of weapons of mass destruction. For example, the main tasks of the Financial investigation department of the State financial monitoring service of Ukraine [11] are: participation in the implementation of the State policy in the sphere of prevention and counteraction to the FL/FTPW; collection, processing and analysis of the information on the financial transactions that are subject to financial monitoring or information that may be related to suspicion of funds laundering; risk analysis of incomes laundering; examining of the financial schemes of incomes laundering.

An important element of the functioning of the risk management system is its constituents [9]: personnel; information and financial provision. That is why, according to the authors, the use of regulatory instruments of influence, in particular the formation of an efficient institutional structure of the risk-oriented system of counteraction to the FL/FTPW by improving the personnel, financial, informational, methodical provision of counteraction to the FL/FTPW is the basis of development of the risk management system. The indicators of financial security are of high importance for ensuring risk management in the activities of the financial intelligence division in Ukraine.

According to the Law of Ukraine «On prevention and counteraction to the legalization (laundering) of pro-

ceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction» [13], the entities of primary financial monitoring (hereinafter – EPFM) submit to the State financial monitoring service of Ukraine information on the financial transactions that are subject to mandatory financial monitoring or regarding which there are suspicions of involvement in the laundering of funds or financing of terrorism.

In total, from the beginning of operation of the information and analytical system, the State financial monitoring service of Ukraine received and processed 27.4 million reports on the financial transactions that are subject to financial monitoring, of which more than 7 million received during the year 2018 (Fig. 2).

As seen from the Fig. 2, there is a significant increase in the importance of informing about the financial transactions that has been observed since 2015. It should be noted that during the 3 quarters of 2018 the State financial monitoring service of Ukraine registered by 16.8% less reports on the financial transactions than in 2017, though by 15.23% more than in 2016.

Dynamics of the number of information messages about the suspicious financial transactions registered by the State financial monitoring service of Ukraine is presented in the Fig. 3.

As seen from the Fig. 3, the dynamics of the number of information messages about the suspicious financial transactions, registered by the State financial monitoring service of Ukraine for the 3 quarters of 2018, tends to increase, which has a predominantly negative character.

The dynamics of informing about the suspicious financial transactions by banking and non-banking institutions is presented in the Fig. 4.

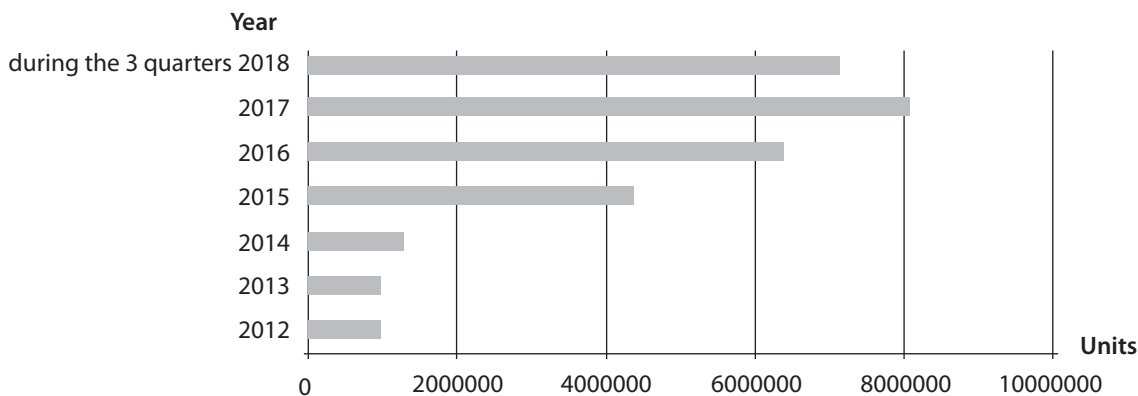


Fig. 2. Dynamics of provision of the information on the financial transactions

Source: composed on the basis of [8].

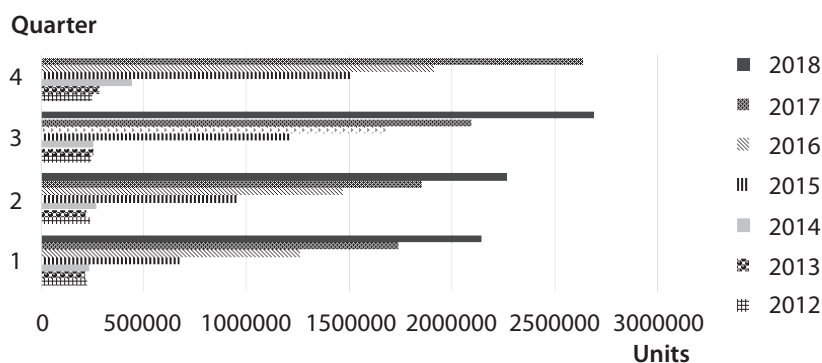


Fig. 3. Dynamics of the number of information messages about the suspicious financial transactions registered by the State financial monitoring service of Ukraine

Source: composed on the basis of [8].

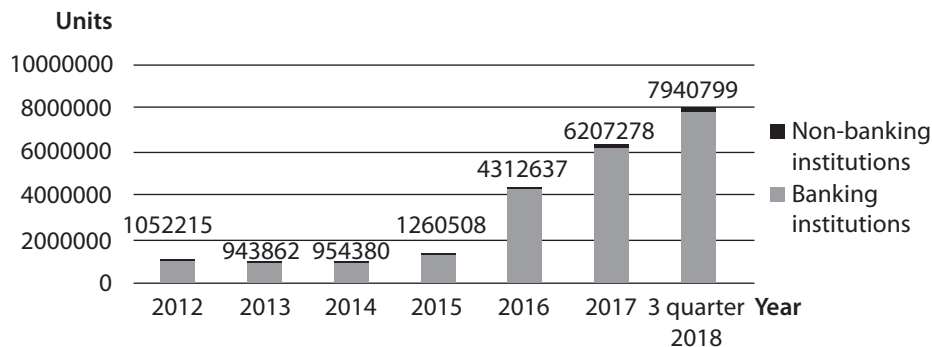


Fig. 4. Dynamics of informing about the suspicious financial transactions by banking and non-banking institutions

Source: composed on the basis of [8].

As seen from the Fig. 4, in the three quarters of 2018 the number of information messages about the suspicious financial transactions, which were received and registered by the State financial monitoring service of Ukraine from non-banking institutions in electronic form, increased comparatively with 2017 by 1733 521 units. During 2017, banking institutions submitted 98.01% of the total number of information messages about the suspicious financial transactions.

The dynamics of specific weight of messages, which are registered by the State service of financial monitoring of Ukraine, by types of the entities of non-banking sector, is presented in the Fig. 5.

As shown in the Fig. 5, the specific weight of the information messages registered by the State financial monitoring service of Ukraine from the professional stock market participants, in the total number of the reporting non-banking sector's EPFM, starting from 2015, tends to grow with simultaneous decrease in the specific weight of the financial transactions submitted by insurance institutions. This tendency is related, first of all, to the increase in the number of the the financial transactions with the signs of mandatory financial monitoring, registered by the State financial monitoring service of Ukraine from the professional stock market participants and decrease in the number of insurance institutions in Ukraine.

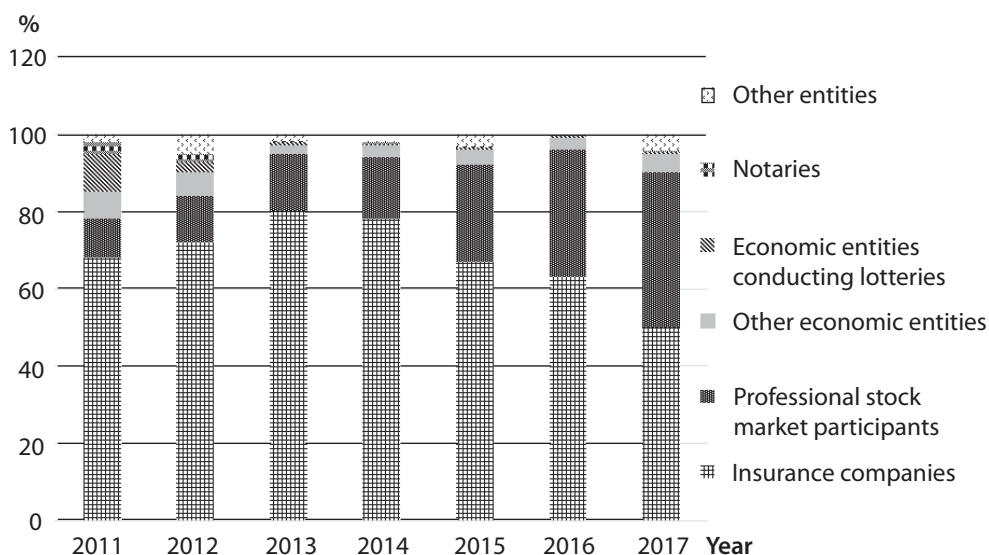


Fig. 5. Dynamics of specific weight of messages, which are registered by the State service of financial monitoring of Ukraine, by types of the entities of non-banking sector

Source: composed on the basis of [8].

The distribution of the registered information messages in the context of the signs of financial monitoring in 2017 is as follows [8]: according to the signs of mandatory monitoring – 95.24% (7 631 690); according to the signs of internal monitoring – 3.72% (298 394); according to the signs of mandatory and internal monitoring – 0.91% (73 300); the financial transactions, which were received on the request for tracking (monitoring) of the financial transactions – 0.13% (10 116). This indicates that informing messages concerning the mandatory financial monitoring are of priority.

The dynamics of the specific weight of the financial transactions in total quantity, registered by the State service of financial monitoring of Ukraine, in the context of the signs of financial monitoring, is presented in the Fig. 6.

The Fig. 6 makes evident that, since 2015, there has been an increase in the specific weight of the financial transactions with the signs of mandatory financial monitoring registered by the State financial monitoring service of Ukraine, with simultaneous decrease in the specific weight of the financial transactions with the signs of internal financial monitoring in the total number of the information messages submitted by the EPFM.

The increase in the specific weight of the financial transactions with the signs of mandatory financial monitoring in the total number of messages submitted by the EPFM can be explained in view of the price increase, as well as the devaluation of the national currency (UAH) in relation to the U.S. dollar, with the fixed limit of submitting the information on the financial transactions with the signs of mandatory financial monitoring at the level of 150 thousand UAH.

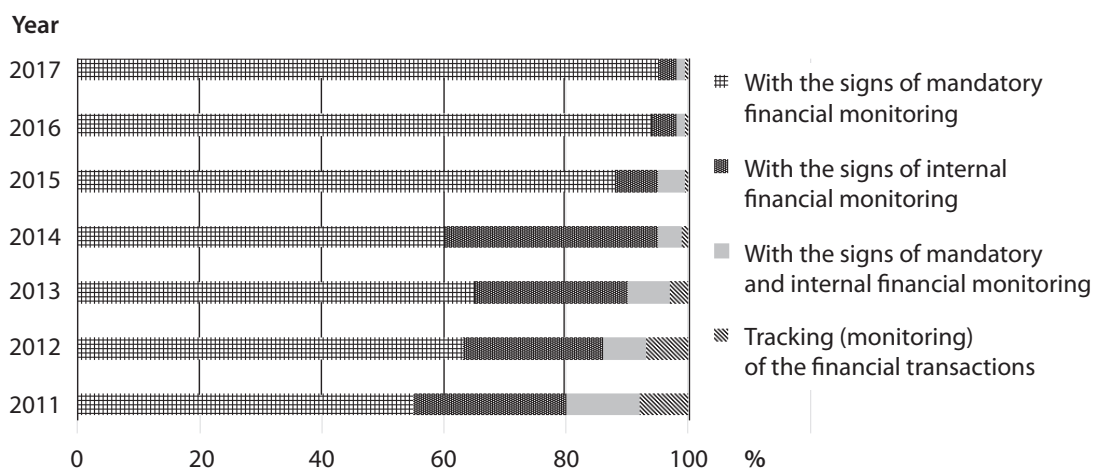


Fig. 6. Dynamics of the specific weight of the financial transactions in total quantity, registered by the State service of financial monitoring of Ukraine, in the context of the signs of financial monitoring

Source: composed on the basis of [8].

At the same time, according to the Paragraph 1, Part 2, Article 6 of the Law of Ukraine «On prevention and counteraction to the legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction» [13], the EPFM must be registered by the State financial monitoring service of Ukraine. As of 01.01.2017, the State financial monitoring service of Ukraine has registered 23831 EPFM (including 12637 separated subsections). The specific weight of the EPFM, which are registered by the State service of financial monitoring of Ukraine, in the context of their types, is presented in the Fig. 7.

As seen from the Fig. 7, the State financial monitoring service of Ukraine, according to the authorities conferred, on a permanent basis collects, processes and analyzes information on the financial transactions, which are subject to financial monitoring, other financial transactions or information that may be related to suspicion of the legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction.

The State financial monitoring service of Ukraine carries out a comprehensive analysis of the information received along with identification of the suspicious financial transactions in both the State-owned and the business sectors of the economy with the involvement of financial and non-financial intermediaries, the carried out analysis of the financial transactions is based on a risk-oriented approach in view of the international experience of counteraction to the FL/FTPW. As a result of this analysis, the files for financial investigations are formed. The corresponding dynamics are presented in the Fig. 8.

As seen from the Fig. 8, according to the results of processing the files, as of 2017, the number of the formed files amounted to 2757, which is by 479 more than in 2016. Each file is analyzed to determine the reasons for believing that the financial transaction may be related to the legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction or be related to commission of other socially unsafe action, as defined by the Criminal Code of Ukraine.

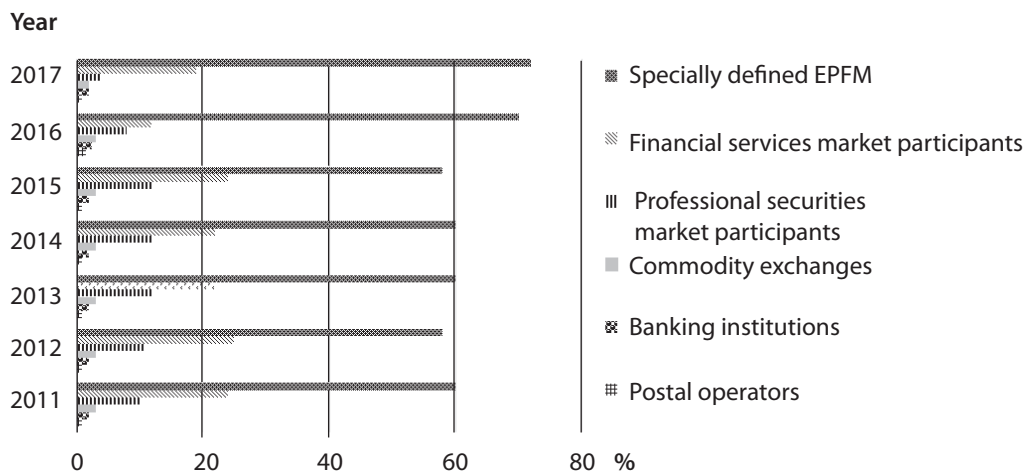


Fig. 7. Dynamics of the specific weight of the EPFM, which are registered by the State service of financial monitoring of Ukraine, in the context of their types

Source: composed on the basis of [8].

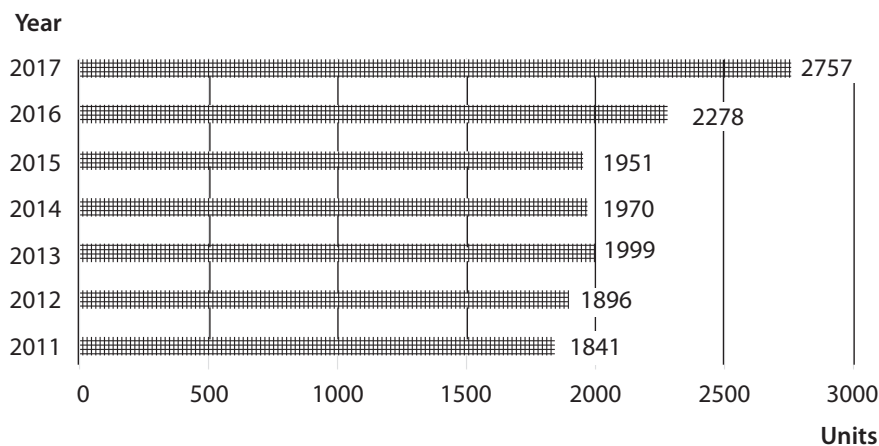


Fig. 8. Dynamics of formation of the files for financial investigations

Source: composed on the basis of [8].

In 2017, compared to 2016, the number of the reports on financial transactions, which became the basis for the formation of the files, increased by 37.9% or by 109288 information messages [8]. The analysis of received messages is carried out in view of additional information which is provided according to requests of the State financial monitoring service of Ukraine.

The Law of Ukraine «On prevention and counteraction to the legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction» [13] provides an instrument for obtaining additional information – tracking (monitoring) of the financial transactions. The information on tracking (monitoring) of the financial transactions is submitted to the State financial monitoring service of Ukraine in the form of information messages on the financial transactions. During 2017, the State financial monitoring service of Ukraine formed 11 requests for tracking (monitoring) of the financial transactions to the EPFM.

According to the Article 18 of the Law of Ukraine «On prevention and counteraction to the legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction» [13], the State service of financial monitoring of Ukraine together with the EPFM, as well as the State authorities, including the law enforcement bodies, carried out typological researches on the topic of «Risks of terrorism and separatism» and «Risks of the use of cash» [7].

The typological researches describe the basic methods and schemes on which criminal groups carry out financing of terrorism (separatism) and transfer non-cash funds into cash resources.

Pursuant to the Law of Ukraine «On prevention and counteraction to the legalization (laundering) of proceeds of crime, financing of terrorism and financing the proliferation of weapons of mass destruction» [13] and according to the Order of providing and considering of the generalized materials [14], the Expert commission of

the State service of financial monitoring of Ukraine on consideration of generalized materials and additional generalized materials prepared for submitting to the law enforcement and intelligence bodies, in view of sufficient grounds, decides on the referral of such materials to the law enforcement bodies.

Specialists of the law enforcement bodies are involved in the meetings of the Expert committee of the State financial monitoring service of Ukraine as experts.

The State service of financial monitoring of Ukraine during 2016 prepared 712 materials (including 382 generalized materials and 330 additional generalized materials) (Fig. 9), which are directed to: the General Prosecutor's Office of Ukraine (hereinafter – the GPU) – 87 generalized materials and 146 additional generalized materials; the State Fiscal Service (hereinafter – SFS) – 125 generalized materials and 47 additional generalized materials; the Notary Chamber of Ukraine (hereinafter – NCU) – 54 generalized materials and 20 additional generalized materials; the Security Service of Ukraine (hereinafter – SSU) – 80 generalized materials and 52 additional generalized materials; the National Anti-Corruption Bureau (hereinafter – NABU) – 36 generalized materials and 65 additional generalized materials. In these materials the amount of the financial operations which can be connected: with legalization of incomes from the proceeds of crime, makes 45,1 billion UAH; with the commission of another crime, defined by the Criminal Code of Ukraine, makes 14,3 billion UAH.

As seen from the Fig. 9, the law enforcement bodies in the course of pre-trial investigations used 331 generalized materials provided by the State financial monitoring service of Ukraine (including the provided in the past years) in 306 criminal proceedings, in particular: on the basis of results of inspection of 66 generalized materials were started 66 criminal proceedings; 265 generalized materials were used in 240 criminal proceedings. The results of the numerous criminal proceedings initiated on the basis of generalized materials are presented in the Fig. 10.

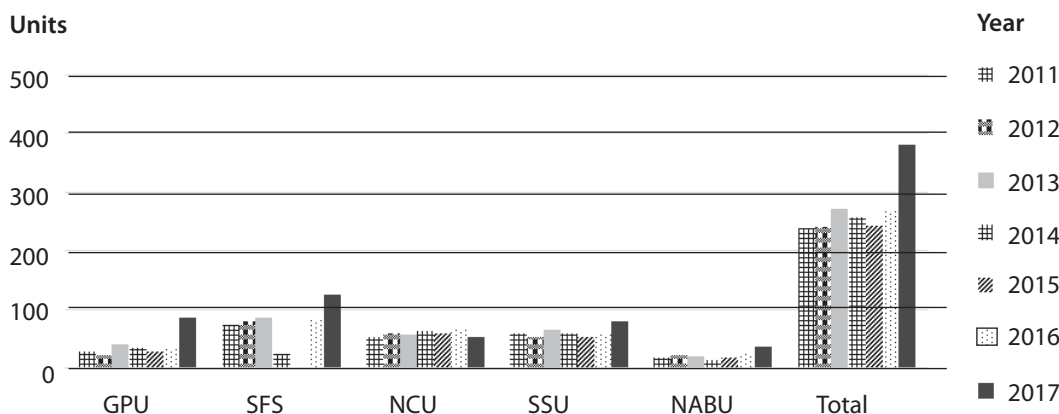


Fig. 9. The generalized materials directed to the law enforcement bodies

Source: composed on the basis of [8].

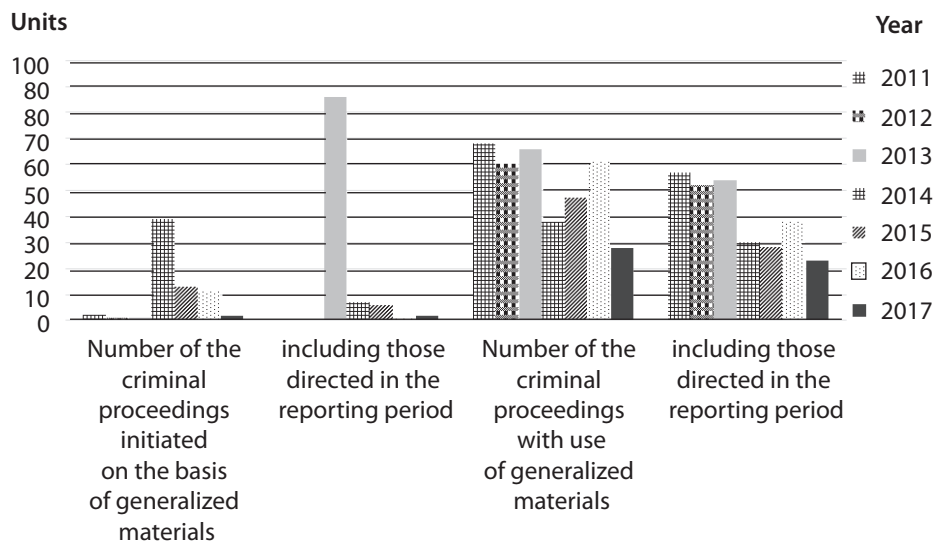


Fig. 10. Criminal proceedings initiated on the basis of generalized materials

Source: composed on the basis of [8].

The Fig. 10 makes evident that the subdivisions of the law enforcement bodies have completed 63 criminal proceedings with appeal to the court with indictment, initiated on the basis of 70 generalized materials. The courts examined 115 criminal cases initiated on the basis of consideration of 120 generalized materials, with the decision of the conviction or the decision on unvindicting circumstances. According to the report on the activities of the State financial monitoring service of Ukraine [8], in particular the information by the law enforcement bodies, in the criminal proceedings initiated by law enforcement bodies on the basis of the results of consideration of generalized materials, the total value of the seized and confiscated property (funds) amounts to 3342.2 million UAH.

In order to unify the comparison procedure as to the years, it is proposed to use relative indicators based on the results of providing risk management in the activity of the financial intelligence division.

The basic relative indicators of the financial security of risk-management in the activity of the State service of financial monitoring of Ukraine are suggested: ratio of the number of information messages about the suspicious financial transactions to the total number of the EPFM; ratio of the number of information messages about the suspicious financial transactions of

banking institutions to the total number of the EPFM of banking sector, ratio of the number of information messages about the suspicious financial transactions of non-banking institutions to the total number of the EPFM of non-banking sector, and ratio of the number of formed files for conducting financial investigations to the number of generalized materials.

In order to study the significance of financial security indicators of risk management in the activity of the State financial monitoring service of Ukraine a linear econometric model is built and the main characteristics are defined (model parameters, standard deviation of model parameters, dispersion and standard deviation of model errors, coefficients of correlation and determination). The statistical significance of the model parameters is checked according to the Student's criterion, and the model adequacy is checked according to the Fisher's criterion. The graph of linear function with confidence intervals is constructed.

The most important characteristics of the model and the degree of its adequacy are presented in the Fig. 11.

On the basis of the Fig. 11, the obtained results of the model are analyzed: $R = 0.95$ – coefficient of multiple correlation (in the case of simple linear regression equals the modulus of correlation coefficient). The correlation coefficient is a measure of the tightness of the connection of all explanatory variables. Since the correlation coeffi-

Regression Summary for Dependent Variable: 2011 (Spreadsheet 1)						
R = .99986804 R ² = .99973609 Adjusted R ² = .99960414						
F(1.2) = 7576.4 p < .00013 Std. Error of estimate: 12197						
N = 4	b*	Std. Err. of b*	b	Std. Err. of b	t(2)	p-value
Intercept			10995.29	8678.163	1.26701	0.332720
Total	0.999868	0.011487	0.05	0.001	87.04279	0.000132

Fig. 11. Characteristics and the degree of adequacy of the econometric model to determine the significance of indicators of the financial security of risk management in the activity of the State financial monitoring service of Ukraine

cient is also a selective characteristic that can be rejected from its «true» value, the significance of this coefficient is also checked according to t -criterion. Since $|t_r| > t_p$ ($8.63 > 2.2281$), it is possible to draw a conclusion about the significance of the correlation coefficient between the dependent explanatory variables, i. e.: ratio of the number of the information messages about the suspicious financial transactions to the total number of the EPFM; ratio of the number of the information messages about the suspicious financial transactions of banking institutions to the total number of the EPFM of banking sector, the ratio of the information messages about the suspicious financial transactions of non-banking institutions to the total number of the EPFM of non-banking sector and the ratio of the number of the formed files for conducting financial investigations to the number of generalized materials.

$R^2 = 0.8821$ – the coefficient of determination of the model shows that 88% ($R^2 = 100\%$) of the general change is explained by the importance of the financial transactions data by both banks and non-banking institutions in the development of financial security system of the financial intelligence division, while other factors account for 12%. Since $R^2 = 0.882$, it is concluded that the connection is dense. (*Adjusted* $R^2 = 0.9921$ – the adjusted coefficient of determination as to the number of observations and number of parameters).

The statistical significance of the model as a whole is checked according to the Fisher's criterion. $F(1.10) = 74.49$ – the Fisher's adequacy criterion.

The calculated value of the Fisher statistics is comparative with the table value for the number of degrees of freedom $k_1 = 1$, $k_2 = 12 - 2 = 10$, the level of significance $\alpha = 0.01$ ($F_{0,01}(1; 10) = 4.96$). Since $74.49 > 4.96$, it is assumed that the constructed model is statistically significant, that is, the relationship between the dependent and explanatory variables is significant.

As the constructed linear simple econometric model is adequate and statistically significant both on separate parameters, and in general, the received equation of dependence can be used for prediction. *Std. Error of estimate* = 0.0013 – mean quadratic deviation of model errors; $B(a_1, a_2) = (-0.21; 1.28)$ – the model parameters, because the model has the following appearance

$$Y = -0.2194 + 1.2796 \cdot x;$$

Std. Error of B = (0.10; 0.11) – the mean quadratic deviation of the model parameters;

$t(13) = (-2.14; 11.4)$ – importance of the parameters according to the Student's criterion.

According to the Student's distribution table the following tp -value for the number of degrees of freedom is found: $k = 12 - 2 = 10$, the level of importance: $\alpha = 0.05$ ($t_p = 2.2281$). Comparing the value of $|t_{a1}|$ and t_p , it is concluded that the value obtained for the coefficient a_1 is statistically significant ($|8.612| > 2.2281$), thus the hypothesis H_1 is accepted, where $a_1 \neq 0$.

So, based on the carried out analysis, the most important factor in the development of the risk management system of the financial intelligence division is the ratio of the number of information messages about the suspicious financial transactions of banking institutions to the total number of the EPFM of banking sector and the ratio of the number of information messages about the suspicious financial transactions of non-banking institutions to the total number of the EPFM of non-banking sector.

CONCLUSIONS

The State service of financial monitoring of Ukraine pays great attention to the risk of the FL/FTPW, introduces an automated system for prioritizing the analysis of reports on the suspicious financial transactions. So, Ukraine has mechanisms for the national coordination and conducting policy in the sphere of prevention and counteraction of the FL. These mechanisms are also applied to the counteraction to the FL/FTPW. At the operational level, the financial intelligence division coordinates the development and implementation of these policies and the activity related to them: as coordinator of the National risk assessment and preparation of Report about the National assessment of risks [6].

The cooperation at the operational level and the exchange of information between the authorities as a whole is positive, especially where the financial intelligence division is involved. The national policy and activities in the context of implementation of legislation in the relevant sphere are coordinated by the State financial monitoring service of Ukraine. The financial intelligence division provides the high-quality financial intelligence information and strategic analysis based on a broad range of sources, including a very large number of the information messages submitted by the EPFM.

The information of the financial intelligence division is also crucial for the seizure of criminal assets through the application of its powers to suspend the suspicious financial transactions.

It is determined that the highest value in the development of the risk management system of the State financial monitoring service of Ukraine have indicators of the ratio of the information messages about the suspicious financial transactions of banking institutions to the total number of the EPFM of banking sector and the ratio of the information messages on the suspicious financial transactions of non-banking institutions to the total number of the EPFM of the non-banking sector. ■

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