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## **FIGHTING ECONOMIC CRIME: THE US EXPERIENCE**

Economic crime over the last 30 years has increasingly become of concern to governments throughout the world. This concern arises from a variety of issues because the impact of economic crime varies in different contexts. It is today widely recognised that the prevalence of economically motivated crime in many societies is a substantial threat to the development of economies and their stability.

Organised criminals, including terrorist groups, are increasingly perpetrating large-scale frauds to fund their operations. Corrupt heads of state may use their position and powers to loot the coffers of their (often impoverished) countries. Business leaders or senior executives manipulate or misreport financial data in order to misrepresent a company's true financial position. Employees from the most senior to the most junior steal company funds and other assets [3, p. 98].

Economic crime is not new; it has been a feature of society for millennia, since the concept of money first developed. What is new is the sophistication of financial criminals and their ability to use technology to facilitate money laundering. We are witnessing the rise of 'crimetech' as criminals harness the latest technologies to beat the system and power international criminal networks [4].

Every year, an estimated \$2.4 trillion in proceeds from activities such as forced prostitution, terrorism, and drug trafficking will be laundered through the world's financial markets and banking systems. Currently, only a very small amount of this activity is detected in the global financial system.

For example, a few years ago, a United Nations Office on Drugs and Crime report estimated that less than 1% of criminal funds flowing through these systems every year are believed to be frozen and confiscated by law enforcement. Move forward six years and we would expect to find a similarly low percentage.

Banks, financial services companies and public institutions are in the vanguard of fighting this crime. But with the rise of crimetech, they need ever-more sophisticated tools to monitor and track criminals and the transactions they undertake. That is why it is so crucial to use all the tools at our disposal to step up the fight against financial crime. One of these tools is data. Big Data gets a lot of attention these days, whether it is scrutiny over what data is being collected, or ways it can help businesses and the economy grow. But it is also at the heart of today's conflicts. Data is the

twenty-first century arms race. As the old adage goes, information is power, but we're perhaps only now really beginning to see its full implications [5].

The low risk and high profits associated with economic crime make it a very attractive activity for organised crime groups. The likelihood that fraud will be detected and prosecuted is low because of the complexity of the investigations required. Organised criminal groups operating at an international level benefit from differences in national legislation. Payment order fraud is where criminals use fraudulent transfer orders to defraud private and public sector organisations. Typically, the affected organisations are active internationally [2, p.7].

Due to the often complex nature of financial services, detecting and preventing fraud within the financial sector poses an almost insurmountable challenge. The threats are both domestic and international. They may come from within the organisation or outside it. Increasingly, internal and external fraudsters combine to commit significant fraudulent acts.

The foundation of any successful fight against fraud is the culture within the institution. When correctly motivated, employees remain honest and become the most effective front-line defence against the fraudster. Rather, by establishing a culture of honesty and openness from the top down, they can imbue their organisations with a spirit of open accountability – and pull fraud out of the shadows [4].

But it is also imperative that public and private sector organizations work in partnership with each other to develop strategies for the exchange of data and information sharing across borders to really make an impact on the global networks behind financial crime and the untold societal harm it can bring.

In order to address some of these issues, more than 20 countries have committed to developing public-private financial information-sharing partnerships (FISPs) that bring law enforcement and other public agencies together with groups of major financial institutions to tackle money-laundering and terrorist-financing risks more effectively. We need more of them [5].

The results of this year's(2018) Global Economic Crime and Fraud Survey are dramatic. Reported economic crime - in the US and globally - reached the highest rate in the Survey's 20-year history. The economic crimes reported by our US respondents were more financially impactful than ever, with over a third (37%) of respondents reporting losses from the most disruptive fraud greater than \$1 million. These US figures also dwarfed the aggregate results: globally, only 18% reached that range, with most falling below the \$1 million threshold. The US shows a breakaway from global trends on several fronts including fraud rates, who the fraudsters are, and internal prevention methods. More than half (53%) of

US respondents reported being victims of economic crime in the previous 24 months – a 40% increase relative to 2016’s result. Globally, the reported rate of 49% was also a historic high for the Survey. Yet these figures only reflect the fraud that has been identified [1,p.1-2].

Companies operating in South Africa have once again reported the highest rate of economic crime, according to a biannual survey produced by audit firm PwC. Also, the UK findings from PwC’s 2018 Global Economic Crime Survey (GECS) confirm that fraud is continuing to run at high levels, with respondents’ experiences showing a shift towards technology-enabled crime, bribery and procurement fraud. This is despite the overall level of UK businesses experiencing fraud falling from 55% in 2016 to 50% in 2018. This ongoing increase underlines the need for organisations to take new approaches to tackling fraud [6].

Tackling economic crime is near the top of every policymaker’s agenda. So, There is increased awareness that certain acts within the financial sector that were once considered to be merely poor business practice may in fact have been criminal. Widespread reckless investment, misrepresentation of financial statements and conspiring to manipulate inter-bank interest rates fall within the definition of serious and organised crime. The huge losses associated with high-level crime fraud undermine social-security systems and destabilise economic systems, thus clearly indicating a failure of self-regulation.

#### Список використаних джерел

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