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USE OF DIGITAL FINANCIAL INSTRUMENTS FOR MONEY LAUNDERING PURPOSES: SPECIFICS AND COUNTERACTION

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Abstract. The development of digital technologies has led to significant changes in the way financial transactions are conducted, creating new opportunities for money launderers. The article aims to characterise the consequences of the proliferation of digital financial instruments and assess the risks of their use for money laundering purposes. We have identified the areas of proliferation of digital financial instruments and the challenges that arise for financial market participants and regulators in the context of combating money laundering. The most vulnerable instruments for money laundering are virtual currencies, online payment systems and e-commerce platforms, and several technologies, including mixing services, darknet markets, decentralised exchanges, fictitious companies, P2P transfers, digital wallets, and identity fraud. It is determined that modern money laundering is a combination of financial and cybercrime, fraud and the latest technologies.

Keywords: money laundering, digital technologies, financial markets, cryptocurrency, financial instruments.

The development of digital technologies has led to significant changes in the way financial transactions are conducted, creating new opportunities for money launderers. The digitalisation of financial transactions has ensured their speed and global accessibility. Simultaneously, the widespread use of online banking, mobile payment applications and e-commerce platforms has increased the volume and complexity of digital financial transactions. One of the most critical problems of modern financial markets has become the adaptation of money laundering methods to exploit the vulnerabilities of digital technologies. Because of this, the article aims to characterise the consequences of the proliferation of digital financial instruments and assess the risks of their use for money laundering purposes. We have identified the areas of proliferation of digital financial instruments and the challenges that arise for financial market participants and regulators in the context of combating money laundering. These challenges boil down to the need to consider the unique characteristics of virtual currencies and the infrastructure that supports their circulation when developing anti-money laundering procedures. The authors have attempted to classify digital tools and technologies used in money laundering and demonstrate their interconnections. The most

vulnerable instruments for money laundering are virtual currencies, online payment systems and e-commerce platforms, and several technologies, including mixing services, darknet markets, decentralised exchanges, fictitious companies, P2P transfers, digital wallets, and identity fraud. It is determined that modern money laundering is a combination of financial and cybercrime, fraud and the latest technologies. Because of this, countering this phenomenon is becoming a rather complex task and requires a combination of efforts of all structures involved in the functioning of the financial market and law enforcement agencies at both the national and international levels.

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