

MONEY LAUNDERING RISKS IN FINTECH: CHALLENGES FOR FINANCIAL MONITORING

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Abstract. *The development of financial technologies is accompanied, on the one hand, by the transformation of financial services and the improvement of customer experience, and on the other, by the emergence of new and unpredictable risks for regulators in the field of money laundering. The purpose of this article is to characterize the money laundering risks arising from the rapid development of the fintech sector and to substantiate mechanisms for mitigating such risks. The study identifies and classifies current challenges for financial monitoring in the context of international cooperation. In particular, four categories of challenges are outlined: ethical, regulatory, technological, and organizational. Special attention is devoted to analysing the use of virtual assets as a tool for the legalisation of criminal proceeds. The authors examine the features of applying advanced technologies, particularly SupTech and RegTech, in combating money laundering and identify promising directions for the further development of these technologies.*

Keywords: *fintech, money laundering, financial monitoring, virtual assets, anti-money laundering.*

The development of financial technologies is accompanied, on the one hand, by the transformation of financial services and an improved customer experience, and on the other, by the emergence of new, complex, and often unpredictable risks for anti-money laundering (AML) regulators. This paper aims to examine the money laundering risks associated with the rapid growth of the FinTech sector and to justify effective mechanisms for mitigating such risks. The study classifies the modern challenges to financial monitoring in the context of expanding international financial cooperation. Four key categories of challenges are identified: ethical, regulatory, technological, and organizational. Special attention is paid to the misuse of virtual assets as a tool for illicit financial activity, especially in decentralised environments where traditional regulatory mechanisms are less effective or entirely absent. The paper explores how these assets are leveraged by criminal actors and evaluates the limitations of current oversight systems. Moreover, the research analyses the capabilities and implementation potential of supervisory technologies (SupTech) and regulatory technologies (RegTech) in preventing financial crimes in both national and cross-border contexts. Through a critical review of recent trends and typologies, the article emphasizes

the need for integrated, adaptive, and technology-driven approaches in the fight against money laundering. It is essential for the international community to develop a coherent conceptual understanding of the FinTech market, along with harmonized and coordinated regulatory frameworks to effectively combat money laundering. In this regard, the paper highlights the importance of data exchange between financial intelligence units (FIUs), the role of artificial intelligence in transaction monitoring, and the institutional conditions necessary for effective regulatory transformation. These findings contribute to the broader discourse on FinTech governance and sustainable financial security.

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