

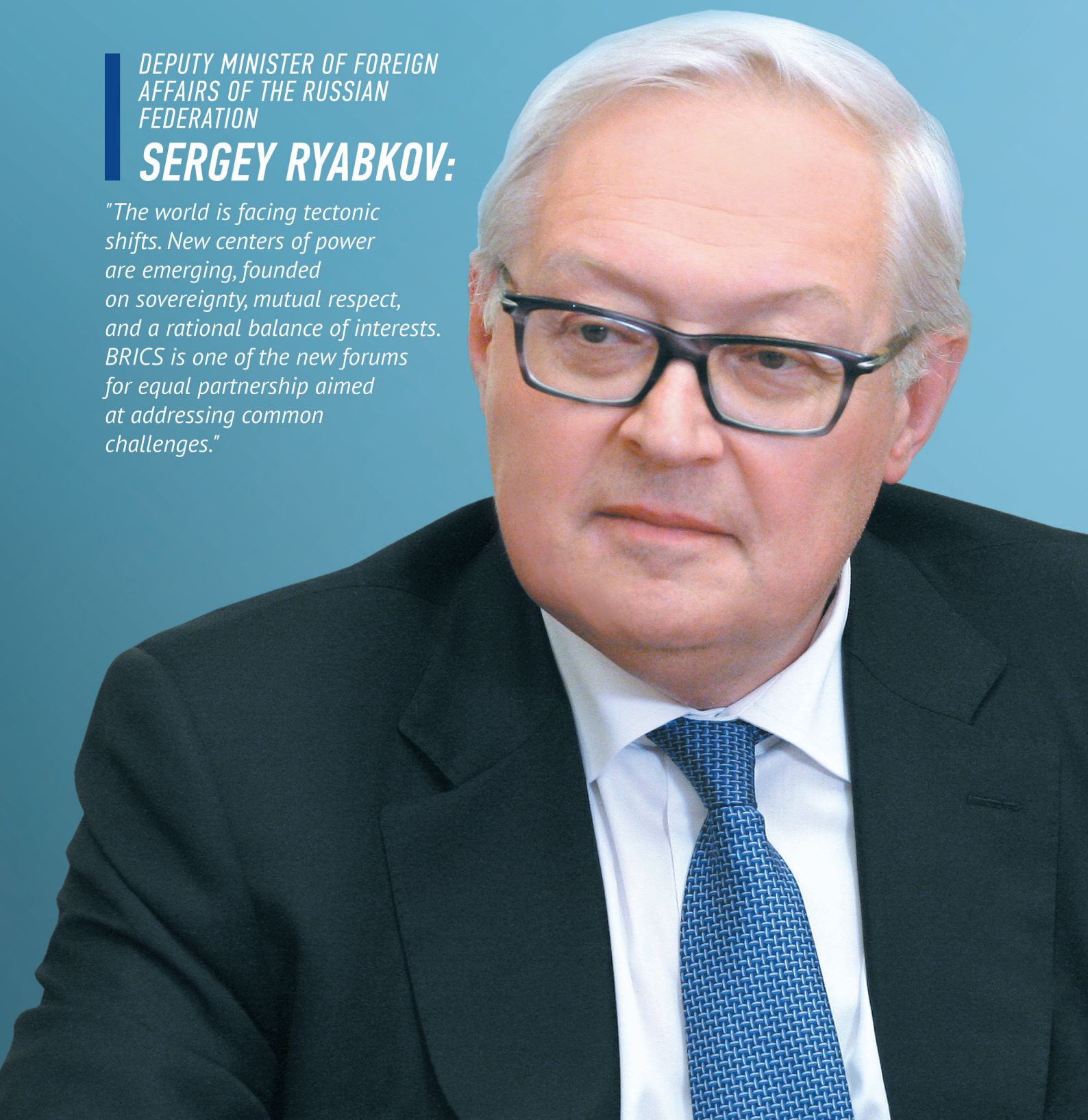


SECURITY

DEPUTY MINISTER OF FOREIGN
AFFAIRS OF THE RUSSIAN
FEDERATION

SERGEY RYABKOV:

"The world is facing tectonic shifts. New centers of power are emerging, founded on sovereignty, mutual respect, and a rational balance of interests. BRICS is one of the new forums for equal partnership aimed at addressing common challenges."



OPENING SPEECH



YURY CHIKHANCHIN,

Director of the Federal Financial Monitoring Service,
Chairman of the Editorial Board



DEAR READERS,

It is my pleasure to welcome you to the 42nd issue of the *Financial Security* journal, which focuses on building the global financial security architecture during Russia's presidency in BRICS and the CIS.

Today, countries face common risks, such as the financing of terrorism and extremism, drug trafficking, transnational organized crime, corruption, and the misuse of new technologies for illegal purposes. We can only overcome these challenges and address other issues through joint efforts.

Under the Russian Federation's presidency, the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) continues its work on mitigating these risks. We are enhancing our cooperation with the Middle East and North Africa Financial Action Task Force (MENAFATF) and other FATF-Style Regional Bodies. Our efforts to implement the FATF Recommendations and to establish contacts within the relevant bodies of the UN, CSTO, and SCO are essential for ensuring global and regional financial security.

In the Eurasian space, we place special focus on the Program of Cooperation of the CIS Member States on Combating Terrorism and Extremism for 2023-2025 and the launch of the International Money Laundering and Terrorist Financing Risk Assessment Center (IRAC).

Joint measures with our BRICS colleagues will reinforce the UN's pivotal coordinating role in combating international terrorism and ensuring the implementation of the UN Global Counter-Terrorism Strategy by preventing potential anti-money laundering risks.

In 2024, several major events aimed at improving financial security took

place, including the International Research-to-Practice Forum "Topical Issues of Anti-Money Laundering and Countering the Financing of Terrorism" in Nizhny Novgorod, meetings of the BRICS Council on Combating Money Laundering and Financing of Terrorism and the Council of Heads of Financial Intelligence Units of the CIS Member States (CIS CH FIUs), the EAG Plenary Week in Bishkek, and many others. The Rosfinmonitoring delegation also attended the 38th Plenary Meeting of MENAFATF in Manama (Kingdom of Bahrain). The broad geography of event attendees and their regular bilateral contacts with Moscow on topical AML/CFT issues testify to the willingness of the countries to intensify information exchange and cooperation on a wide range of issues.

Dear friends, you will learn about these and many other events on the pages of our journal. In this new issue of *Financial Security*, we have compiled articles by our colleagues – representatives of financial intelligence units, international organizations, and the academic community of various countries.



CONTENTS

- 6 Address by the Russian President Vladimir Putin on the commencement of Russia's BRICS presidency
- 7 Extract from the concept of the Russian Federation presidency in the Commonwealth of Independent States in 2024
- 8 **SERGEY RIABKOV**
The BRICS role in fostering global security and combating terrorist financing
- 10 **GERMAN NEGLYAD, SVETLANA SHARAPOVA**
International cooperation on combating money laundering and terrorist financing: CIS and BRICS

BRICS and CIS: Financial Security Architecture

- 14 **VIVEK AGGARWAL**
India's strategy to mitigate ML/TF Risks by transitioning to a cashless economy
- 18 **SHAMSIDDIN SOHIBNAZAROV**
Financial intelligence of the republic of uzbekistan and its role in enhancing international financial security
- 20 **ROBERTO DE ANDRADE MEDRONHO**
Developing strong financial networks for economic security: a key focus of the BRICS partnership
- 23 **NIRMALA GOPAL**
Russia is becoming the most significant player on the global stage

Minimizing common risks and threats

- 26 AML/CFT experts from over 20 countries convene at the Forum in Nizhny Novgorod





14 VIVEK AGGARWAL
India's Strategy to Mitigate ML/TF Risks by transitioning to a Cashless Economy



57 OLGA TISEN
Legal regulation of virtual asset turnover and countering their use for ML/TF purposes: experiences from select CIS and BRICS countries



- 28 SPEECHES BY THE PARTICIPANTS**
of the Plenary session of the International Research-to-Practice Forum "Topical Issues of Anti-Money Laundering and Countering the Financing of Terrorism"
- 47 COMMENTS FROM THE PARTICIPANTS**
of the Plenary session of the International Research-to-Practice Forum "Topical Issues of Anti-Money Laundering and Countering the Financing of Terrorism"
- 49 EAG Plenary week passed in Bishkek: read our report on results**
- 54 DIANA DEVYATKINA, ALEXEY KHARLANOV**
Transformation of CIS institutions to support the Eurasian agenda: addressing the issue of economic and financial security

Digital currency: a new reality

- 57 OLGA TISEN**
Legal regulation of virtual asset turnover and countering their use for ML/TF purposes: experiences from select CIS and BRICS countries
- 62 DENIS POLYAKOV**
Digital ruble for the welfare of people and companies: the Russian experience

Tribune of young specialists

- 68 EVELINA VALOVA**
Youth in BRICS

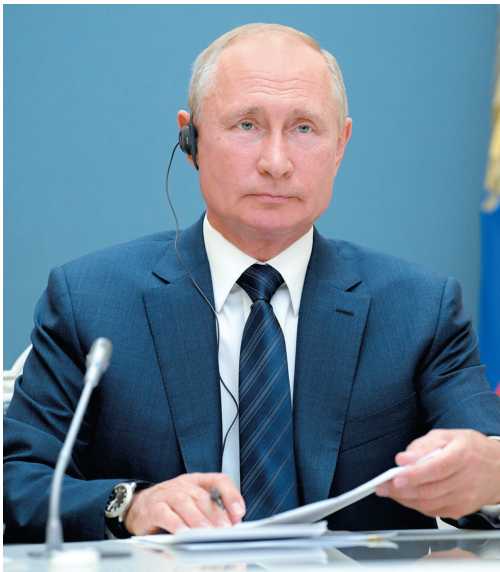
Anti-Money Laundering News

- 71**  Vienna: 67th session of the UN commission on narcotic drugs
- 71**  Moscow: bilateral meetings between the financial intelligence units of Russia and a number of states
- 71**  Kazan: XV International economic forum "Russia — Islamic world: Kazanforum"
- 72**  Minsk: conference on countering crimes involving digital assets
- 72**  Manama: 38th MENAFATF plenary meeting
- 73**  Education and career in financial security exhibitions were held at the universities of the BRICS countries

62 DENIS POLYAKOV
Digital ruble for the welfare of people and companies: the Russian experience



ADDRESS BY THE RUSSIAN PRESIDENT VLADIMIR PUTIN ON THE COMMENCEMENT OF RUSSIA'S BRICS PRESIDENCY



On January 1, Russia assumed the presidency of BRICS, following the decision of the XV BRICS summit held last August. The association now includes ten states, with Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates joining as full-fledged members. This expansion underscores the growing authority of BRICS and its significant role in global affairs.

BRICS continues to attract more sympathizers and like-minded states committed to its foundational principles: sovereign equality, respect for each nations' chosen development path, mutual consideration of interests, openness, consensus, the aspiration to create a multipolar

world order, and a fair model for the global financial and trade system. The association also seeks joint solutions to the most pressing challenges of our time.

The Russian BRICS Presidency will uphold these principles, focusing on positive and constructive cooperation with all concerned states under the motto "Strengthening Multilateralism for Equitable Global Development and Security" in 2024.

Preserving the traditions and guided by the association's accumulated experience, we will exert all feasible efforts to ensure the seamless integration of new members into BRICS activities.

Moreover, we will consider the aspirations of approximately three dozen additional countries to join BRICS in various capacities and to engage with its multifaceted agenda. To this end, we will concentrate on developing the modalities for a new category of BRICS partner states.

Russia will continue its efforts to enhance the full spectrum of BRICS partnership cooperation in three core areas: politics and security, economy and finance, and cultural and humanitarian exchanges.

We will prioritize enhancing foreign policy coordination among member states and jointly seeking effective responses to the challenges and threats to international and regional security and stability. We will contribute significantly to the realization of the BRICS Economic Partnership Strategy for 2025 and the Action Plan for Innovative Cooperation for 2021-2024, ensuring energy and food security, enhancing BRICS' role in the international monetary and financial system, developing interbank cooperation, and expanding the use of national currencies in mutual trade operations.

Our priorities include further cooperation in science, high technologies, health, environment, culture, sports, youth exchanges, and civil society.

In total, we plan to hold over 200 events of various levels and areas in different Russian cities during our presidency. We warmly welcome representatives from all countries willing to co-operate with our association to attend these events. The highlight of our presidency will undoubtedly be the BRICS summit, to be held in Kazan in October.

As Russia assumes its presidency, we look forward to effective joint work with all states involved in the BRICS framework.

EXTRACT FROM THE CONCEPT OF THE RUSSIAN FEDERATION PRESIDENCY IN THE COMMONWEALTH OF INDEPENDENT STATES IN 2024

"The mechanisms for jointly addressing conventional and emerging challenges and threats, such as terrorism, extremism, transnational crime, the legalization (laundering) of proceeds of crime, illicit trafficking in narcotic drugs, psychotropic substances and their precursors, firearms, ammunition, explosives, and explosive devices will be further enhanced. Special emphasis will be placed on the implementation of the Interstate Program of Joint Crime Control Measures for 2024-2028, the Program of Cooperation of the CIS Member States on Combating Terrorism and Extremism for 2023-2025, and other sectoral documents, as well as the launch of the International Money Laundering and Terrorist Financing Risk Assessment Center. Efforts will focus on strengthening capacities for cooperation on these issues among CIS countries, relevant UN bodies, the CSTO, the SCO, and other organizations and associations. The practice of conducting joint operations to identify and disrupt drug trafficking channels and the illegal trafficking of firearms will be further expanded. As far as the biological security is concerned, efforts will



concentrate on enhancing the biological risk monitoring system, developing common principles and approaches to respond to biological risks, and facilitating information exchange."

« **SPECIAL EMPHASIS WILL BE PLACED ON THE IMPLEMENTATION OF THE INTERSTATE PROGRAM OF JOINT CRIME CONTROL MEASURES FOR 2024-2028, THE PROGRAM OF COOPERATION OF THE CIS MEMBER STATES ON COMBATING TERRORISM AND EXTREMISM FOR 2023-2025, AND OTHER SECTORAL DOCUMENTS, AS WELL AS THE LAUNCH OF THE INTERNATIONAL MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT CENTER**

THE BRICS ROLE IN FOSTERING GLOBAL SECURITY AND COMBATING TERRORIST FINANCING

Humanity is experiencing an era of tectonic transformations, with new power centers emerging based on sovereignty, mutual respect, and a rational balance of interests. BRICS is one of these innovative fora for equitable cooperation aimed at addressing joint challenges



> SERGEY RIABKOV,
Deputy Minister of Foreign Affairs
of the Russian Federation, Russian
Sherpa in BRICS

The diversified interaction within the BRICS framework is organized regardless of political conjuncture, without hidden agendas and double standards. This makes BRICS appealing to states striving for a fair world order. It is no coincidence that in January 2024, BRICS expanded to include Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE. Additionally, approximately 30 other countries have expressed interest in converging with BRICS to varying extents.

Our major strategic objective during Russia's BRICS Presidency this year is to ensure the consistent and harmonious integration of new members into all BRICS mechanisms, as well as to expand foreign policy coordination on multilateral arenas. To this end, we have planned to host about 200 events across various sectors of activity, some of which have been already held.

One of BRICS' primary objectives is to strengthen global security, including in the economic sector. BRICS members consistently enhance their role in the international monetary and financial system, develop interbank cooperation, and increasingly use national currencies for mutual settlements. In this context, increased cooperation in combating money laundering and terrorist financing is gaining importance.

The horrific terrorist attack in Crocus City Hall on March 22, 2024, has once again highlighted the dangers of terrorist threats and the ruthlessness of those behind them. The investigation is ongoing, but it is evident that the financial trail leads to foreign sponsors and organizers of this terrible crime.

International terrorism issue, which knows no borders, can only be tackled through the joint efforts

of the global community. The President of the Russian Federation, Mr. Vladimir Putin, commented on this issue: "The objective of terrorist attacks in different regions of the world, backed not only by radical groups but also by special services of certain countries, is to undermine the fundamental principles of the constitutional framework, destabilize sovereign states, and foment inter-ethnic and inter-religious hatred."

Unfortunately, the "collective West" has not only completely forgotten the culture of political dialogue but also refuses to maintain regular day-to-day interaction in law enforcement and counter-terrorism. Even a technical platform like the Financial Action Task Force (FATF) is being politicized. In February 2023, an unprecedented decision was made to suspend Russia's membership in the Group. The absurd attempt to include Russia on the FATF sanctions lists, which not only contradicts the procedural rules but also relies on baseless reasoning for the claims made against Russia, is being kept afloat.

Under international law, the accusations against Russia lack merit. The unsubstantiated nature of these accusations was confirmed by the decision of the International Court of Justice on January 31, 2024, regarding Ukraine v. Russia lawsuit. The Court found no breaches by Russia of the 1999 International Convention for the Suppression of the Financing of Terrorism and stated that the concepts of "State terrorism" or "State terrorist financing" could not be applied to Russia's actions.

BRICS HAS SIGNIFICANTLY CONTRIBUTED TO GLOBAL EFFORTS AGAINST TERRORISM.

THE BRICS COUNTER-TERRORISM WORKING GROUP, THE RELEVANT BODY OF BRICS, REPORTS ITS ACTIVITIES TO THE HIGH REPRESENTATIVES ON SECURITY

There is an urgent need to facilitate multilateral practical cooperation in combating terrorism and its financing based on good faith and equitable partnership. In this regard, we are focused on further building BRICS capacities in the international counter-terrorism architecture, considering the central and coordinating role of the UN.

BRICS has already made significant contributions to global efforts against terrorism. The BRICS Counter-Terrorism Working Group reports its activities to the High Representatives on Security. The BRICS Counter-Terrorism Working Group and its Action Plan, adopted in 2020 and 2021 under the Russian and Indian Presidencies respectively, provide a solid foundation for effective work of the Group. The Group meetings are held annually under the leadership of the BRICS chairing state.

In the course of implementing the Action Plan as part of the Counter-Terrorism Strategy, the special activities are being undertaken to strengthen BRICS countries' capacities by sharing best practices in new technologies, such as digital payment systems, crowdfunding, virtual assets, and cryptocurrencies. The issue of illegal use of these technologies is also widely discussed during meetings of the Counter-Terrorism Working Group on countering terrorist financing.

At the BRICS specialized format meeting held in Nizhny Novgorod in April this year, Rosfinmonitoring encouraged its partners to participate in a number of thematic projects. The implementation of these projects will further strengthen the capacities of all BRICS members in relevant areas and provide a solid institutional basis for cooperation.

The Russian Ministry of Foreign Affairs has always supported Rosfinmonitoring's efforts and will continue to provide relevant diplomatic assistance, whether within the framework of various international anti-money laundering platforms or through bilateral cooperation with partners.

We expect 2024 to mark a new phase in BRICS evolution. We are pleased to welcome the states joining the BRICS family and will do our utmost to ensure their effective integration into the association. We believe that the revised BRICS format will become an example of open and depoliticized dialogue, making a tangible contribution to building a fair multipolar world order where the interests of each sovereign state are respected. We will further expand interaction on issues of ensuring international security and strategic stability at both global and regional levels and reinforce cooperation in combating terrorism and its financing.



INTERNATIONAL COOPERATION ON COMBATING MONEY LAUNDERING AND TERRORIST FINANCING: CIS AND BRICS

International cooperation within the scope of AML/CFT is essential for addressing cross-border threats, where financial crime affects multiple jurisdictions, each with unique legal systems, competent authorities, and other unique features



> GERMAN NEGLYAD,
State Secretary — Deputy Director
of Rosfinmonitoring



> SVETLANA SHARAPOVA,
Consultant, International Relations
Department of Rosfinmonitoring

The only appropriate response to cross-border financial crime is to establish common rules and approaches for cross-border interaction among the bodies combating it.

A minimum set of responsibilities for countries and their competent authorities within the scope of international cooperation is established globally, primarily through universal UN conventions. These include the Convention against Transnational Organized Crime, the

Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the Convention against Corruption, the International Convention for the Suppression of the Financing of Terrorism, and specific peremptory acts of the UN Security Council.

This issue is also addressed through specific bilateral agreements between countries and their competent authorities and by the regional international legal framework.

For instance, Rosfinmonitoring has concluded over 100 bilateral international agreements on the exchange of information with foreign financial intelligence units. Additional agreements are signed to enhance cooperation in specific areas. In particular, in May 2024, Rosfinmonitoring signed bilateral agreements with the financial intelligence units of Belarus, Kyrgyzstan, and Uzbekistan on counteracting crime committed through IT technologies¹.

¹ <https://www.fedsfm.ru/releases/7729>.

IN 2023, joint international financial investigations were conducted with the participation of over 50 countries. The most active information exchange within the scope of AML/CFT occurs between countries with close economic, cultural, and other ties to Russia, primarily the CIS countries.

The Concept of the Russian Federation Presidency in the CIS in 2024² calls for further strengthening of joint mechanisms to address conventional and new challenges and threats, including terrorist financing, money laundering, and a number of ML/TF predicate offenses.

This is also confirmed by the relevant regional international legal framework. Thus, the Treaty on Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing, signed on October 15, 2021, is in force within the Commonwealth of Independent States.

Moreover, on October 13, 2023, the CIS Heads of State signed an Agreement on the establishment of the International Money Laundering and Terrorist Financing Risk Assessment Center (IRAC). This center will track suspicious cross-border financial flows and exchange intelligence and strategic information on common supranational threats to economic security.

The major CIS sectoral body in charge of coordinating cooperation within

AML/CFT is the Council of Heads of Financial Intelligence Units of the CIS Member States (CIS CH FIUs), established by the decision of the CIS Heads of State on December 5, 2012. The CIS CH FIUs members include representatives from seven states: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. Two BRICS countries – India and Iran – hold observer status.

In close cooperation with the Commonwealth of Independent States Anti-Terrorism Center (CIS ATC), the CIS CH FIUs regularly conducts Barrier operation to identify individuals involved with international terrorist organizations and their financial and ideological centers.

The coordinated work of the FIUs of the CIS member states and the above-mentioned organizations made it possible to detect over 7,200 individuals potentially involved in terrorist activities, as well as about 570 persons on the interstate wanted list between 2018 and 2023.

Other significant projects with the CIS CH FIUs include the Information Sharing System (ISS) and the Kanal anti-drug operation, which has been implemented since 2003 under the supervision of the Collective Security Treaty Organization (CSTO).

Apart from that, the CIS countries actively interact on AML/CFT issues in other regional formats, and on a bilateral basis.

Thus, all CIS countries, except Azerbaijan, are members or observers of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG).

EAG, a FATF-style regional body, which focuses on improving the efficiency of national anti-money laundering systems of member states. Following the preliminary results of the second round of EAG mutual assessments³, member states generally improved their AML/CFT/CPF systems. Four countries – Belarus, Kazakhstan, Russia, and Uzbekistan – are under regular monitoring (versus two countries at the end of the first round). The average efficiency rating, in turn, is close to that of FATF.

In addition to obligations on mutual evaluations in line with the FATF-approved methodology, initiatives to strengthen cooperation between participants in the anti-money laundering systems of member states and to develop public-private partnership mechanisms are implemented within the EAG scope. In particular, the Parliamentarians' Forum for representatives of national legislative bodies and the International Compliance Council for the private sector are held annually.

Apart from the CIS countries, the EAG also consolidate the three largest BRICS economies – India, China, and Russia. Iran is an observer in the EAG activities.

According to the International Monetary Fund, by the end of 2023, the GDP of the five BRICS founders amounted to \$58.9 trillion, or 33% of the world GDP. In 2023, Russia's trade turnover with BRICS countries

² https://mid.ru/ru/foreign_policy/integracionnye-strukturny-prostranstva-sng/1923888/.

³ The FATF/EAG/APG Joint Report on Mutual Evaluation of the Republic of India was reviewed during the FATF Plenary Session on June 23–28, 2024.

⁴ <https://clck.ru/3B9aiN>.

⁵ <https://russian.news.cn/20240501/7e237cab9c7b42ba86394dfff193b272/c.html>.



reached a record \$294 billion⁴. Expert estimates⁵ indicate that the total volume of trade turnover between BRICS members is about 20% of the total world trade volume.

Given the January expansion of BRICS and the focus of member countries on further strengthening mutually beneficial economic, political, and cultural ties, AML/CFT issues, combating crime, and cooperation on criminal asset recovery are top priorities of the Russian BRICS Presidency in 2024⁶. Alongside the cooperation on global and regional anti-money laundering platforms, there is ongoing dialogue within the emerging BRICS AML/CFT Council. Thus, at the first meeting of the expanded Council in February 2024, Russian initiatives aimed at increasing the transparency of financial systems, mitigating risks and threats, and involving young people in the financial security sector were presented⁷.

Establishing common approaches for BRICS and CIS countries to training and professional development in AML/CFT is one of the most effective mechanisms

GIVEN THE JANUARY EXPANSION OF BRICS AND THE FOCUS OF MEMBER COUNTRIES ON FURTHER STRENGTHENING MUTUALLY BENEFICIAL ECONOMIC, POLITICAL, AND CULTURAL TIES, AML/CFT ISSUES, COMBATING CRIME, AND COOPERATION ON CRIMINAL ASSET RECOVERY ARE AMONG THE TOP PRIORITIES OF THE RUSSIAN BRICS PRESIDENCY IN 2024

for preventing and deterring financial crimes. Russia consistently contributes to this effort through the International Training and Methodology Centre for Financial Monitoring (ITMCFM). In 2023, over 1,800 experts from 15 countries were trained at the ITMCFM.

Another Russian project aimed at improving financial awareness and seeking talented young people is the International Olympiad on Financial Security. The Movement on Financial Security already includes over 30 countries, with more than 3 million students and schoolchildren attending thematic classes.

Thus, international cooperation in the AML/CFT field is based on

universally recognized principles and regulations of international law. The interaction between BRICS and CIS member countries is primarily driven by extensive economic, political, cultural, and other ties, as well as shared ML/TF risks and threats. In addition to constructive bilateral work, the countries actively cooperate on relevant and related international anti-money laundering sites. Further enhancement of all formats of international cooperation and their adaptation to new challenges and threats are top priorities for effectively combating cross-border occurrences of ML/TF risks.

⁶ <https://brics-russia2024.ru/russia-and-brics/priorities/>.

⁷ <https://www.fedsfm.ru/releases/7322>.



БРИКС 2024
РОССИЯ



BRICS AND CIS: FINANCIAL SECURITY ARCHITECTURE

14 VIVEK AGGARWAL

India's Strategy to Mitigate ML/TF Risks by transitioning to a Cashless Economy

18 SHAMSIDDIN SOHIBNAZAROV

Financial intelligence of the Republic of Uzbekistan and its role in enhancing international financial security

20 ROBERTO DE ANDRADE MEDRONHO

Developing strong financial networks for economic security: a key focus of the BRICS partnership

23 NIRMALA GOPAL

Russia is becoming the most significant player on the global stage



INDIA'S STRATEGY TO MITIGATE ML/TF RISKS BY TRANSITIONING TO A CASHLESS ECONOMY

A cash-based economy poses significant Money Laundering & Terrorist Financing (ML/TF) risks due to the anonymity and untraceability of cash transactions. Illicit funds can be easily moved and integrated into a cash-based economy without detection. Additionally, it hampers regulatory oversight and compliance with AML/CFT regulations, creating vulnerabilities in the financial system. Hence, it is important for countries to take specific mitigating measures aimed at reducing cash transactions in their economy



VIVEK AGGARWAL,
Director of FIU India and Head of
Indian Delegation to FATF and EAG

In recent years, India has undertaken significant measures to mitigate ML/TF risks by transitioning from a cash-based economy to a more formal, digital economy. The primary drivers behind these efforts are the detection of substantial risks associated with cash transactions, as highlighted in national risk assessments and various taskforce reports. This article delves into the reasons behind India's policy measures, the strategies implemented, and the impact these measures have had on the economy and financial ecosystem. This article goes on to explain the strategy

adopted in India called JAM trinity (Jan Dhan, Aadhaar, Mobile) that has successfully fostered financial inclusion and digital payments without compromising on financial integrity.

POLICY MEASURES TO DISCOURAGE CASH USAGE

Cash transactions are inherently difficult to monitor, making it easier for illegal activities such as money laundering, tax evasion, and terrorist financing to go undetected. In India, both the National Risk Assessment

(NRA) 2011 and the White Paper on Black Money (WPBM) 2012 identified the prevalence of cash transactions as a major risk area. Furthermore, the Second Report of the Special Investigation Team (SIT) on Black Money in 2016 explicitly linked cash transactions to terror financing risks, advocating for strict measures to limit cash transactions.

There are three key policy measures at the disposal of any policymaker with decreasing order of law enforcement intensity, i.e. mandate, incentives/disincentives, and nudge. India has adopted a multi-faceted approach to reduce reliance on cash, combining mandate, nudge, and disincentive strategies in a calibrated manner.

Mandate Strategy: In 2017, India imposed a ban on cash transactions exceeding INR 2,00,000 (approximately USD 2500) in a single transaction or in multiple transactions related to a single event or in a single day. This measure aimed to limit the flow of large sums of untraceable cash within the economy. Businesses with turnover above a limit are subject to a tax audit by a qualified professional accountant. Dissuasive penalty of an amount equal to the amount transacted is imposed on any person who violates this ban. The professional is required to identify and record instances of violation of this ban in the tax audit report. Further, the administration follows a risk-based approach to inspection and enforcement of this ban.

Real estate transactions have been identified as high risk from ML perspective from analysis of typologies. It has been noticed that launderers integrate proceeds of crime in real estate by making part payment for purchase of real estate properties in cash; the cash

component is not brought on record. To discourage cash transactions in real estate, a law has been introduced to provide that when a real estate transaction happens below the fair market value, and same is detected, then the under-valuation amount is taxable both in hands of the buyer and seller.

Incentive/ Disincentive Strategies: Banks are required to report high-value cash transactions to FIU India and the tax administration, thereby enhancing the scrutiny on significant cash flows and deterring their misuse. Further, certain measures have been introduced to promote non-cash transactions. For instance, small businesses have the option of paying tax under a presumptive tax regime, wherein 8% of their yearly turnover is deemed to be their taxable income. However, if they receive the entirety of their turnover through banking or digital route, then their taxable income is only 6% of their turnover.

Nudge Strategy: A problem that was identified early in India's efforts to mitigate the risks from a cash-based economy was that a large population was unbanked and did not have the access required to conduct non-cash transactions. Bulk of the transactions made by the unbanked population is small payments. Many people are deterred by the compliance burden of going to the bank to conduct frequent small payments. Further, the compliance cost arising from AML/KYC controls of banks was dissuasive for small traders. So there was a need to reduce compliance burden (by leveraging on technology to devise simpler solutions), reduce

compliance cost (by implementing simplified measures of Customer Due Diligence for the poor, who are at low risk of ML/TF), and strengthen financial integrity (by ensuring that identity of these low risk customers are not stolen by launderers and they do not end up as money mules).

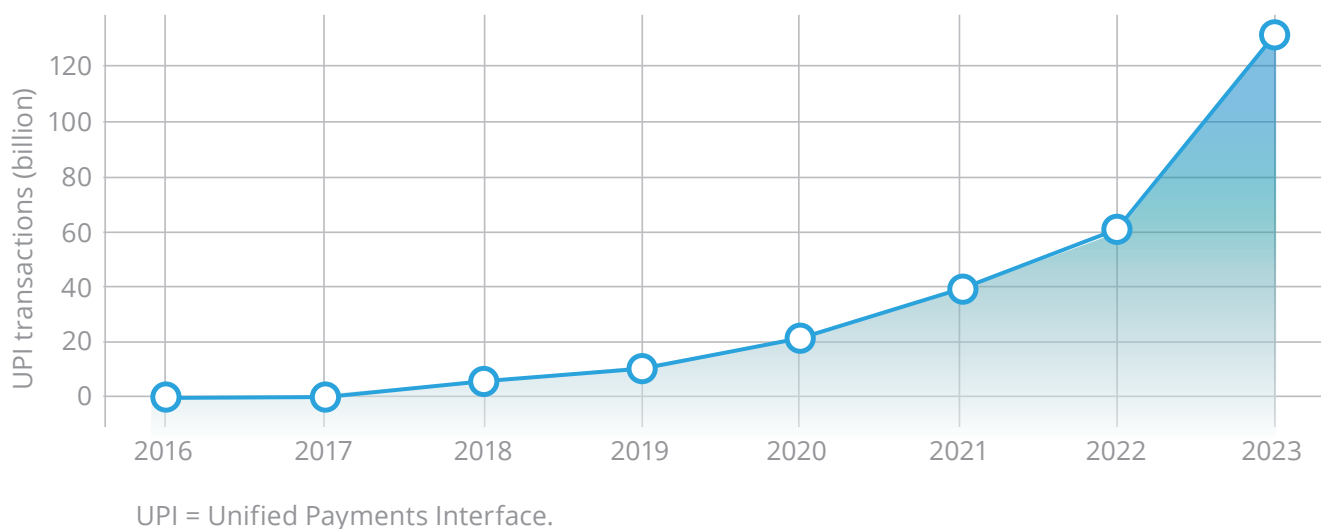
The JAM Trinity initiative was a comprehensive strategy designed to increase financial inclusion and promote digital transactions. This initiative has three prongs. The *Jan Dhan Yojana* aimed to provide every citizen with a zero-balance bank account, offering a gateway to formal financial services. As a result, access to financial services increased significantly, with the Global Findex report showing a rise from 35.23% in 2011 to 80% in 2017. The second prong was *Aadhaar*, a biometric identification system that assigns a unique identification number to each resident. Aadhaar facilitates secure and convenient identity verification, essential for digital transactions. The third prong is *Mobile*, which is a medium for promotion and development of a digital payment ecosystem. The government prioritized the establishment of platforms like Bharat Interface for Money-Unified Payments Interface (BHIM-UPI), Immediate Payment Service (IMPS), and pre-paid payment instruments (PPIs) to enhance digital payment capabilities.

IMPACT OF THE POLICY MEASURES

The combined effect of these strategies has been profound, driving a significant increase in digital transactions and a corresponding

 **AADHAAR FACILITATES SECURE AND CONVENIENT
IDENTITY VERIFICATION, ESSENTIAL FOR DIGITAL
TRANSACTIONS.**

► **Figure 1. Growth of UPI Transactions in India, 2016-2023**
Source: National Payments Corporation of India.



decline in the reliance on cash. The implementation of these measures has yielded several notable outcomes.

First, there has been a reduction in leakages from government social security schemes. Under the *Jan Dhan Yojana*, subsidies get deposited directly in the bank accounts in the form of direct benefit transfers, thereby minimising leakages and as a result dampening the quantum of black money generated in the economy. For instance, the PAHAL Yojana, has made its way to the Guinness Book of World Records for being the world's largest direct cash transfer scheme. Under PAHAL Yojana, LPG subsidies are directly deposited into the bank accounts. Under this scheme, more than 14.62 crore people are receiving direct cash subsidies. This has reduced the opportunity of corruption and leakage of funds spent for social security.

Secondly, it has increased Financial Inclusion. The *Jan Dhan Yojana* has successfully brought millions of previously unbanked individuals into the formal banking system.

This increase in financial inclusion not only promotes economic equality but also ensures that more transactions are traceable and subject to regulatory oversight.

Thirdly, it has led to a marked increase in digital transactions. Digital payment systems have seen unprecedented growth. For instance, the volume of digital transactions through UPI soared to more than 120 Billion at the end of calendar year 2023¹ (see Fig 1 below). The UPI, in particular, has emerged as a revolutionary product, with 6.58 billion transactions amounting to INR 10.73 trillion in August 2022 alone.

Fourthly, this has led to reduction in tax evasion and ML/TF risks. By curbing cash transactions and promoting digital payments, India has significantly mitigated the risks associated with money laundering and terrorist financing. Digital transactions are easier to monitor and trace, providing authorities with better tools to detect and prevent illegal activities. Digital transactions leave a money trail, which discourages taxpayers from

not reporting taxable income arising out of such transactions.

Fifthly, there are many other economic benefits arising out of the shift towards digital transactions, such as increased efficiency, reduced transaction costs, and enhanced convenience for consumers and businesses alike.

IMPACT OF THE POLICY MEASURES

1. reduction in leakages from government social spending programmes
2. more financial inclusion
3. marked increase in digital transactions
4. reduction in tax evasion and ML/TF risks
5. many other economic benefits

CHALLENGES AND FUTURE DIRECTIONS

While India has made considerable progress in reducing its reliance on cash, challenges remain. Ensuring

widespread adoption of digital payment systems, particularly in rural and less developed areas, is an ongoing effort. Additionally, maintaining the security and integrity of digital payment platforms is crucial to prevent cybercrimes and fraud.

To further enhance the transition to a cashless economy, India is strengthening its digital infrastructure. India is promoting continued investment in digital infrastructure, especially in remote and underserved areas, to ensure that all citizens have access to reliable and secure digital payment systems. The Digital India initiative is a noteworthy step in this direction by the Indian Government. India is also focusing on enhancing cyber-security; with increase in digital transactions, the risk of cyber-attacks also increases. Strengthening cybersecurity measures and educating the public about safe digital practices are critical to maintaining trust in the system. India has taken numerous measures to meet this goal, one of which is the establishment of Indian Cyber Crime Coordination Centre (I4C) in 2021.

Another measure being pursued by India is ongoing policy support and regulatory oversight to adapt to the evolving financial landscape. This includes updating regulations to address new forms of digital transactions and ensuring that anti-money laundering (AML) and combating the financing of terrorism (CFT) measures are robust and effective.

CONCLUSION

India's efforts to discourage a cash-based economy and reduce ML/TF risks through a combination of mandate, nudge, and disincentive strategies have been largely successful. The implementation of the JAM Trinity, along with stringent regulations on cash transactions, has led to a significant increase in financial inclusion and digital transactions. These measures have not only improve economic efficiency and convenience but also played a crucial role in mitigating money laundering and terrorist financing risks.

In perspective view, India is focusing on sustained efforts to strengthen digital infrastructure, enhance cybersecurity, and providing ongoing policy support to maintain and build on the progress made. By continuing to innovate and adapt, India can further secure its financial ecosystem and ensure that the benefits of a digital economy are accessible to all its citizens.

 **INDIA IS
PROMOTING
CONTINUED
INVESTMENT IN DIGITAL
INFRASTRUCTURE,
ESPECIALLY IN REMOTE
AND UNDERSERVED
AREAS, TO ENSURE
THAT ALL CITIZENS HAVE
ACCESS TO RELIABLE AND
SECURE DIGITAL PAYMENT
SYSTEMS.**



FINANCIAL INTELLIGENCE OF THE REPUBLIC OF UZBEKISTAN AND ITS ROLE IN ENHANCING INTERNATIONAL FINANCIAL SECURITY

Financial security of any country primarily depends on the financial awareness of its inhabitants, fair practices, and the expertise of business representatives and government agencies that ensure equity while enforcing state control measures



**SHAMSIDDIN
SOHIBNAZAROV,**

*Head of the Department for
Combating Economic Crimes
under the General Prosecutor's
Office of the Republic of Uzbekistan*

Twenty-three years have passed since the establishment of the Department for Combating Economic Crimes under the General Prosecutor's Office of the Republic of Uzbekistan. Over this period, the financial intelligence of Uzbekistan has consistently demonstrated its efficiency at both national and international levels.

The Department under the General Prosecutor's Office is tasked with combating tax and currency crimes, money laundering, terrorist financing, embezzlement of budget funds, and the illicit trafficking of medicines.

As the coordinating state authority responsible for the country's financial security, the Department

makes every effort to reduce the shadow economy and prevent illegal capital siphoning, which are directly related to the economic security of the country and the region.

INTERNATIONAL COOPERATION

Financial intelligence units across Eurasian countries have achieved significant progress within the global system of anti-money laundering, countering the financing of terrorism and proliferation financing.

This progress is the result of the united and coordinated efforts of the EAG member states, demonstrating their commitment to building a secure financial system in the region.

In particular, the Republic of Uzbekistan has been particularly active in establishing and enhancing relationships with FIUs of foreign countries, ensuring prompt and thorough responses to requests from international partners.

◀ IN RECENT YEARS, THE NUMBER OF SUBMITTED AND RECEIVED REQUESTS HAS SIGNIFICANTLY INCREASED, AND THE GEOGRAPHY OF INTERACTION WITH FOREIGN FINANCIAL INTELLIGENCE UNITS HAS EXPANDED BASED ON RELEVANT MEMORANDUMS OF UNDERSTANDING AND THE PRINCIPLE OF RECIPROCITY

In recent years, the number of submitted and received requests has significantly increased, and the geography of interaction with foreign financial intelligence units has expanded based on relevant memorandums of understanding and the principle of reciprocity, highlighting the effectiveness of international cooperation mechanisms in this area.

Since its establishment, the Financial Intelligence Unit of Uzbekistan has signed over 30 memorandums with FIUs of Global Network member states.

Moreover, the FIU of Uzbekistan regularly participates in programs initiated by the CIS CH FIUs, Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), Egmont Group, CARICC (Central Asian Regional Information and Coordination Center), and other relevant international organizations.

The Department under the General Prosecutor's Office attends all meetings of the FATF and the Egmont Group and is actively involved in

asset search and recovery efforts alongside ARIN-WCA (Assets Recovery Inter-Agency Network West and Central Asia) and other organizations. Within the EAG fora, Uzbekistan's financial intelligence service implements programs initiated in the region,

NEW AML/CFT RISKS AND THREATS

The evolution of financial instruments and information technologies has introduced new threats and challenges that demand an adequate response and mechanisms to address them.

Currently, the national systems of the Eurasian region face the following risks:

- **Money laundering through e-commerce:** Criminals widely use e-commerce and e-trading platforms in schemes involving both illicit and legitimate funds to disguise their true origins. This is prevalent among countries in the region due to the high volume of transactions related to trading activities;

- **Virtual currency:** The increased use of virtual currencies for mutual settlements in various sectors makes them appealing to criminals because of the difficulties in identifying and tracing such assets.

Despite the measures taken, risks associated with advancing information technologies remain relevant. These include fraud, cybercrime, theft of personal data, and other issues directly correlated with the financial awareness of the population.

Threats to the economic stability of the region will undoubtedly take more sophisticated and advanced, necessitating timely adaptation and preventive responses from the FIU to the emerging environment.

The effectiveness of these measures, in turn, depends on coherent and coordinated international cooperation, as joint efforts are essential to achieve the best results.

RECTOR AT THE FEDERAL UNIVERSITY OF RIO DE JANEIRO (UFRJ)

ROBERTO DE ANDRADE MEDRONHO

At the present time it is a necessity to develop skills in financial security field. There is a global demand for these skills, taking into account that transparency, ensuring regulation compliance and creating sustainable and strong financial security networks are essential conditions for the development of relations between the BRICS countries and for cooperation of the entire Global South.



— In May 2024, the Federal University of Rio de Janeiro hosted the first Education and Career in AML/CFT Exhibition in Brazil. Are such events popular among students?

— The event hosted by the Federal University of Rio de Janeiro (UFRJ) turned out interesting and attracted students from various disciplines, many of whom were familiar with the selection process of the International Olympiad on Financial Security. Students had the valuable opportunity to engage with experts from Russia, participate in a number of exhibitions and interactive events, and attend lectures and seminars on contemporary topics such as

cryptocurrency, financial fraud schemes, and money laundering investigations. These topics had not been previously explored in Brazil.

UFRJ students have been involved in financial security initiatives since 2022 when the University participated in the International Olympiad on Financial Security in Sochi, invited by our partner, Peoples' Friendship University of Russia (RUDN).

In 2022, the Brazilian delegation included students from engineering, computer science, physics, literature, and international relations. The positive experience of visiting Sochi, representing Brazil, and participating

in this event was an unforgettable experience for our delegation, fostering interest in financial security among other students.

— During the exhibition, experts from Russia discussed schemes involving youth in financial crimes. Is youth criminalization a relevant issue in Brazil?

— It is. In this respect, Brazil faces many challenges stemming from legal concerns that youth face and, above all, the social context of income inequality and limited access to opportunities in Brazilian society. Brazilian youth are very talented, and the government must support their social and

economic development. UFRJ contributes to this goal by implementing initiatives aimed at vulnerable populations, offering training and social support.

Youth often become involved in crime due to the allure of quick income. Raised in austere conditions amidst slow social transformation, individuals may fall victim to crime. However, after a brief criminal career, they usually face severe consequences, leading to grim futures.

— *Each year, collaborative efforts between Russia and Brazil to combat financial crime are intensifying and expanding. What is the UFRJ's role in creating conditions for training young specialists for this work?*

— The university is a space where three critical components to make such work possible are present: environment conducive to creative and innovative potential, cross-disciplinary knowledge development, and enthusiastic young talent.

Our students earn the title of Minerva's Students, as this Roman goddess is the symbol of our University. Indeed, the development of financial security skills is an urgent need nowadays, and there is a global demand for these skills, as transparency, enforcement, and building sustainable and strong financial safety nets are essential for the development of relations among BRICS countries and cooperation across the Global South.

This strategic alliance facilitates the integration of new economic markets and the establishment of rich socio-cultural ties based on the



principles of mutual respect, justice, and fraternity.

UFRJ embraces this vision of the future and strives to implement initiatives that foster bilateral ties and enhance cooperation, involving our institutional partners and organizing such endeavors.

I visited Moscow in 2023 and personally participated in events and technical visits at partner universities. We were warmly received, strengthening our partnership, which resulted in dozens of agreements on scientific cooperation, creating real opportunities for academic and scientific mobility.

— *How involved are Brazilian youth in financial security and international cooperation?*

— UFRJ was the first Brazilian university to start working in this area. This was a window of opportunity, and the students themselves proposed the initiative in response to our appeal through our information system. They got inspired by a collaborative project implemented together with RUDN.

Young people found this topic interesting because it covers issues

relevant to Brazilian youth and promotes transparency, fostering an environment to combat corruption.

International cooperation, of course, implies a certain level of complexity, as it entails greater mobility and funding incentives than Brazil has provided in the past. That is why we advocate for the re-introduction of mobility programs such as Science Without Borders (Ciência Sem Fronteiras). Programs such as this allow for the funding of student exchange, which is a valuable tool for creating an environment for lasting and fruitful international cooperation.

— *The International Olympiad on Financial Security, now in its fourth year, bringing together talented students from over 35 countries. Brazilian students were winners and prize-winners in 2022 and 2023. What impact did the Olympiad have on them?*

— Competing in the Olympiad is an important event for students representing both our University and Brazil.

Many participants have never had the chance to travel abroad or participate in such high-level event like the one held in Sochi each year.

In addition to expanding knowledge in the field of financial security, this initiative fosters global connections, embraces diverse cultures, and provides opportunities to make new friends and find new career paths. One cannot underestimate the importance of such events in the life of a young student; such events are transformative, promoting personal growth, self-confidence, and the belief in fundamental life changes.

— Last year, your team announced its commitment to join the *International Movement on Financial Security*. In your opinion, what is the role of this movement in the global financial system?

— After returning from our first Olympiad in 2022, UFRJ founded the International Financial Security Group, initially tasked with organizing our delegation's participation.

Based on Olympiad experiences, our teachers developed a roadmap with various measures and activities



of various levels and degrees of complexity. The document was presented to the Olympiad organizers in 2023 and covered in your publication.

The strategy described in this roadmap includes clear steps through which UFRJ, within its competencies and resources,

coordinates partner organizations and facilitates debates on financial security issues with international partners of many levels. For example, we organized of an event in Rio de Janeiro where the delegation of the International Training and Methodology Centre for Financial Monitoring (ITMCFM), along with university specialists, held meetings with representatives of the Public Prosecutor's Office, Federal Police, and Federal Tax Service.

Our goal is to expand such initiatives, providing access to our partners' knowledge networks, promoting educational programs, and bolstering financial systems' sustainability.

As we implement these plans, we aim to engage more private and public partners to create a safe and secure environment.

Interviewed by Alexandra Malyarova

« **OUR GOAL IS TO EXPAND SUCH INITIATIVES, PROVIDING ACCESS TO OUR PARTNERS' KNOWLEDGE NETWORKS, PROMOTING EDUCATIONAL PROGRAMS, AND BOLSTERING FINANCIAL SYSTEMS' SUSTAINABILITY.**



RUSSIA IS BECOMING THE MOST SIGNIFICANT PLAYER ON THE GLOBAL STAGE

The world is watching the BRICS, and of course Russia, being a part of BRICS. The world is waiting to see how BRICS is going to navigate the economic space in terms of bringing on more nations. Economies around the world see the organization as an ideal opportunity to improve the plight of people in their own countries



> PROF. NIRMALA GOPAL,
*Head of the Department of
Criminology and Forensic Studies,
University of KwaZulu-Natal, South
Africa*

— *What is your professional interest?*

My professional interest is quite vast, but I am specifically interested in understanding the causes of crimes and different crime typologies. I have recently started exploring a new area of study – cybercrime and cybersecurity related issues including financial crimes.

— *What are the modern financial risks that you would highlight?*

In terms of financial security, one of the major phenomena has been cryptocurrency. Crypto transactions are completely anonymous and therefore, it is extremely difficult to trace back the origins or the perpetrators of fraud. The only loser is the victim. It is usually

the vulnerable person who is being victimized and who has no competency on how to manage virtual assets.

— *Nowadays we are witnessing a certain trend in the international security agenda: a choice whether to ban virtual assets or to regulate them. What is the best scenario from your point of view?*

Definitely the regulation. If we go into banning, we are going to create a criminal underworld. This is of course an undesirable outcome, as it is difficult to counteract. The best option would be to regulate virtual assets: that way we will have necessary providers and procedures in place that we can use to protect our citizens.



— *Is it important to strengthen international cooperation to combat financial crimes and address cybersecurity risks?*

Absolutely essential. The world has become so small. I say this quite often: countries, especially the ones more advanced in terms of their legislation and regulating frameworks, should cooperate with countries not as advanced in order to strengthen their regulatory framework that will help the entire world to minimize financial risks, whether they are virtual or physical. That cooperation is extremely important. From my perspective, BRICS is an ideal player on the global stage to facilitate the mitigation of those risks.

— *We have already seen the agenda of the Russian presidency in BRICS, in particular the point that ensures the strengthening of the member-states' economies and the mitigation of financial risks. Can BRICS become a platform to start international collaboration in fighting the financial crimes globally?*

Absolutely. I think such cooperation has already begun. One of the

key mandates of the BRICS nations was to improve economies amongst the BRICS countries in the first instance. We have long passed establishing that mandate. In terms of the priorities of the Russian presidency in the organization, I think that Russia has an extremely important role to play. It is emerging as the most

significant player on the global stage, and indeed the world is watching the BRICS, and of course Russia, being a part of BRICS. The world is waiting to see how BRICS is going to navigate the economic space in terms of bringing on more nations. We've already seen the interest towards the BRICS+. Economies around the world see the organization as an ideal opportunity to improve the plight of people in their own countries. If we take the step further, when we look at the principles of BRICS, it is about mutual respect, cooperation and inclusivity. Those are the values that drive the BRICS nations and that can only be positive for us.

— *BRICS has already become a platform aimed at engaging youth in political, economic, financial development. Do you find it important to engage youth in solving such problems as financial crimes, economic growth and development?*

Youth is our future. If we do not invest in young people, then we are going to be in a serious trouble. If we look at the young people all over the world, they constitute a significant proportion across the globe. Your question is so significant in terms

of bringing on board young people, investing in them, capacitating and empowering them, because the young generation present the leaders of the future. Ignoring that fact is completely wrong both politically and economically.

**WE'VE ALREADY
SEEN THE INTEREST
TOWARDS THE BRICS+.
ECONOMIES AROUND
THE WORLD SEE THE
ORGANIZATION AS AN IDEAL
OPPORTUNITY TO IMPROVE
THE PLIGHT OF PEOPLE IN
THEIR OWN COUNTRIES.**

— *What is your advice for young people who would like to start a career in the field of financial security and combating financial crime?*

Unfortunately, as much as we wish financial crime and financial security risks did not exist, they still do. As global economy grows, we will witness an increase in financial crime and we therefore need young people who are competent and passionate about combating financial crimes. It is important to be proactive in order to reduce or completely get rid of financial crimes. We need young people to assist us. They have technology in their disposal. We should never underestimate the power and knowledge of the young generation.

Interviewed by Ekaterina Istomina



MINIMIZING COMMON RISKS AND THREATS

**26 AML/CFT EXPERTS FROM
OVER 20 COUNTRIES CONVENE AT THE
FORUM IN NIZHNY NOVGOROD**

28 SPEECHES BY THE PARTICIPANTS
of the Plenary session of the International
Research-to-Practice Forum “Topical Issues of
Anti-Money Laundering and Countering the
Financing of Terrorism”

47 COMMENTS FROM THE PARTICIPANTS
of the Plenary session of the International
Research-to-Practice Forum “Topical Issues
of Anti-Money Laundering and Countering the
Financing of Terrorism”

**49 EAG PLENARY WEEK PASSED IN BISHKEK:
READ OUR REPORT ON RESULTS**

**54 DIANA DEVYATKINA,
ALEXEY KHARLANOV**

Transformation of CIS institutions to support
the eurasian agenda: addressing the issue of
economic and financial security

AML/CFT EXPERTS FROM OVER 20 COUNTRIES CONVENE AT THE FORUM IN NIZHNY NOVGOROD

From April 24 to 26, Nizhny Novgorod hosted one of the most significant expert events on anti-money laundering and countering the financing of terrorism: the International Scientific and Practical Forum entitled "Topical Issues of Anti-Money Laundering and Countering the Financing of Terrorism"

The event featured an extensive program, including round tables, panel discussions, and activities organized by BRICS on AML/CFT, EAG, and CIS CH FIUs issues. Highlights included the International Supervisors' Forum, the International Compliance Council, the International Student Research and Practice Conference, among others.

The forum's main event was a plenary session, with speakers such as Yury Chikhanchin, Director of Rosfinmonitoring, Nikolay Zhuravlev,

Deputy Chairman of the Federation Council of the Federal Assembly of the Russian Federation, Gleb Nikitin, Governor of the Nizhny Novgorod Region, representatives of the UN, CSTO, ITMCFM, competent agencies and organizations from Belarus, Brazil, China, Cuba, Egypt, India, Kyrgyzstan, Madagascar, UAE, and Uzbekistan. The session was moderated by Nikolay Kolachevsky, Director of the Lebedev Physical Institute of the Russian Academy of Sciences, and Ekaterina Kameneva, Vice-Rector of the Financial University under the Government of the Russian Federation.

>400

experts, representatives of the public sector, FIU, banking and private sector. Attendees confirmed their commitment to enhancing cooperation and information exchange in combating terrorism, extremism, money laundering, illicit drug trafficking, transnational organized crime, corruption, and the misuse of new technologies for illegal purposes.

In his welcoming remarks, Yury Chikhanchin, emphasized the need for a unified AML/CFT strategy to



combat common threats such as international terrorism, extremism, illicit drug trafficking, transnational organized crime, corruption, and the misuse of new technologies for illegal purposes.



Head of Russian FIU highlighted that integrating national anti-money laundering systems, in line with FATF Recommendations, is crucial for mitigating risks. *"Cooperation among all countries in AML/CFT issues allows us to significantly contribute to building a common and secure world order. Despite the diverse representation and geography of the forum attendees, we are united by one goal: enhancing international cooperation to reduce common risks and threats in the area of security, particularly in the financial sector,"* said Yury Chikhanchin.

Participants underscored the importance of preventive responses to emerging threats, increased transparency of financial flows, development of regulatory frameworks, enhanced international information exchange, and advanced tools for analyzing cryptocurrency transactions.



Nikolay Zhuravlev, in his welcoming speech, stressed the role of legislative control in mitigating risks.

"An established dialogue between lawmakers and law enforcement agencies of our countries, sharing best regulatory practices and lawmaking solutions, could improve legislative control quality. We are already making efforts in this direction on various international platforms. The BRICS Parliamentary Forum will be



held in St. Petersburg this July, and our Forum of Parliamentarians of the EAG member states is actively operating," said Zhuravlev.

Gleb Nikitin emphasized the regional government's commitment to promoting comprehensive cooperation with other countries. *"In 2024, the Nizhny Novgorod Region will host a number of BRICS events. There are a lot of tasks ahead, but by working in a coordinated manner, based on principles of equality and mutual support, we can address the most pressing global and regional issues,"* he said.



The plenary session participants discussed mechanisms to mitigate common risks, international cooperation in countering terrorist financing, regulating virtual assets, and shared experiences and best practices in combating AML/CFT crimes.

**COOPERATION
AMONG ALL
COUNTRIES IN AML/CFT
ISSUES ALLOWS US TO
SIGNIFICANTLY CONTRIBUTE
TO BUILDING A COMMON
AND SECURE WORLD ORDER.
DESPITE THE DIVERSE
REPRESENTATION AND
GEOGRAPHY OF THE FORUM
ATTENDEES, WE ARE UNITED
BY ONE GOAL: ENHANCING
INTERNATIONAL
COOPERATION TO REDUCE
COMMON RISKS AND
THREATS IN THE AREA OF
SECURITY, PARTICULARLY IN
THE FINANCIAL SECTOR**
YURY CHIKHANCHIN

SPEECHES BY THE PARTICIPANTS

OF THE PLENARY SESSION OF THE INTERNATIONAL RESEARCH-TO-PRACTICE FORUM “TOPICAL ISSUES OF ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM”



**YURY CHIKHANCHIN,
DIRECTOR OF THE FEDERAL FINANCIAL
MONITORING SERVICE**

Dear Forum participants, dear friends,

Today, we have brought together experts in AML/CFT and financial security, along with representatives of the private sector and academia. We sought to involve our colleagues from around the world, including those from BRICS, CIS, EAG, MENAFATF and other regional organizations, to ensure an open and professional dialogue.

On behalf of the country presiding over BRICS this year, I would like to emphasize that the cooperation between all the countries within the scope of AML/CFT issues allows us to jointly make a substantial contribution to building a common and secure world order.

Despite the diverse representation and geography of the forum attendees, we are united by one goal: enhancing international cooperation to reduce common risks and threats in the area of security, particularly in the financial sector.

The need for a unified strategy to combat money laundering and terrorist financing is globally acknowledged. Currently, it is obvious that these challenges can only be effectively countered through the integration of the capabilities and resources of national AML/CFT systems across various



« THE NEED FOR A UNIFIED STRATEGY TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING IS GLOBALLY ACKNOWLEDGED. CURRENTLY, IT IS OBVIOUS THAT THESE CHALLENGES CAN ONLY BE EFFECTIVELY COUNTERED THROUGH THE INTEGRATION OF THE CAPABILITIES AND RESOURCES OF NATIONAL AML/CFT SYSTEMS ACROSS VARIOUS COUNTRIES

countries, including those based on FATF Recommendations. The establishment of the BRICS Council to address such issues presents an opportunity to develop common approaches and coordinated measures to counter shared risks, such as the financing of terrorism and extremism, corruption, illicit drug trafficking, and the use of new technologies for illegal purposes.

International terrorism, the spread of extremist ideas, and the radicalization of populations are becoming permanent threats. The nature of terrorist and extremist crimes is evolving: they are becoming more large-scale, aggressive, and transnational in their organization and execution.

On March 22 of this year, Russia experienced a horrific terrorist attack against civilians. This carefully planned and coordinated attack was organized by an international group of terrorist supporters who provided financing, transportation, weapons, and ammunition. The terrorists' actions were meticulously coordinated by their handlers.

The intensity of terrorist activities generally depends on the level of their financing, material, and technical capacities. Today, bank accounts, cards, and e-wallets are widely used to raise and move funds to finance terrorist activities. The use of new technologies, including virtual assets, is increasing, and techniques for raising both legitimate funds and criminal proceeds for these purposes are evolving. Risks persist in using non-profit organizations to finance terrorist and extremist activities and reallocating funds raised under the guise of charity to commit unlawful acts.

Simultaneously, international terrorism and transnational organized crime, particularly drug trafficking, have increasingly merged in recent years. According to the UN, the number of drug addicts worldwide amounts to about 300 million, with a 20% increase over the last decade.

International experts highlight trends in drug-related crime, notably the growing sales of synthetic drugs replacing plant-based ones. Production facilities for synthetic drugs are expanding across many countries, locating as close to consumers as possible, complicating the tracing of drug routes to markets. The drug market shows a high level of adaptation to changing conditions, with

drug suppliers maintaining logistics efficiently.

Along with e-wallets and bank cards of front persons, there is a trend toward using virtual assets and cryptocurrency exchanges in criminal payments and laundering drug proceeds. The lack of legal clarity regarding cryptocurrency circulation in many countries has led to a noticeable shift of drug trafficking to cyberspace and increased use of digital financial instruments for money laundering. New technologies, such as artificial intelligence and blockchain, have vast capacities and are driving fundamental changes, but, at the same time, they make the global financial system more vulnerable.

In this environment, it is essential to expand our capacities to prevent such threats, focus our joint efforts on developing modern tools for analyzing cryptocurrency transactions, increase the transparency of financial flows, establish legal and regulatory policies, and strengthen international information exchange. Special attention should be given to anti-money laundering efforts related to corruption-related crimes, closely linked to the risk of embezzlement of budgetary funds.

Traditional credit and financial sector actors and advanced technologies that allow minimal interaction with regulated sectors are actively used for money laundering in corruption-related criminal schemes.

Dear colleagues, I hope that the Forum will enable us to focus on common risks and threats, exchange ideas and approaches to addressing the challenges we face, and form a common vision for major areas of international cooperation on AML/CFT issues.

NEW TECHNOLOGIES, SUCH AS ARTIFICIAL INTELLIGENCE AND BLOCKCHAIN, HAVE VAST CAPACITIES AND ARE DRIVING FUNDAMENTAL CHANGES, BUT, AT THE SAME TIME, THEY MAKE THE GLOBAL FINANCIAL SYSTEM MORE VULNERABLE

Furthermore, the Forum's extensive agenda covers a wide range of topics, including discussions of pressing issues within the scope of the BRICS AML/CFT Council, the Council of





Heads of Financial Intelligence Units of the CIS Member States, the Supervisors' Forum, the International Compliance Council, expert round tables, as well as perspectives from the scientific community.

A student conference will also be held as part of the Forum. In this regard, I would like to highlight the growing interest and initiatives of young researchers on AML/CFT issues. This demonstrates a continuity of education, science, and practice and calls for the consolidation of university and expert community expertise to build new human resources capacities.

Thank you, dear colleagues, for sharing your experiences and supporting young people and the younger generation in their efforts to discover new things, learn from recognized professionals, and find inspiration.

Another international event aimed at bringing together young people and AML/CFT practitioners is the International Olympiad on Financial Security. Last year, the Olympiad was attended by the representatives from 19 countries. This year, we expect participation from over 30 countries as we host the Olympiad in Russia for the fourth time. The geographic diversity of participants is steadily expanding, making the

Olympiad a truly international movement on financial security, connecting the young generation and the expert community from BRICS, Eurasia, Central and Latin America, the Middle East, and Africa. This work with the young generation will undoubtedly bear fruit. We look forward to your participation in this year's Olympiad events on the Sirius federal territory!

In conclusion, I would like to wish everyone productive work. I am convinced that through joint efforts we will be able to make a significant contribution to the security of the global AML/CFT system.

Thank you for your attention!



NIKOLAY ZHURAVLEV,
DEPUTY CHAIRMAN OF THE
FEDERATION COUNCIL OF THE
FEDERAL ASSEMBLY OF THE RUSSIAN
FEDERATION – CHAIRPERSON
OF THE FORUM OF PARLIAMENTARIANS
OF THE EAG MEMBER STATES

Good afternoon, dear colleagues!
Dear Mr. Nikitin,
Dear Mr. Chikhanchin!

I am pleased to welcome the attendees of the International Research-to-Practice Forum “Topical Issues of Anti-Money Laundering and Countering the Financing of Terrorism”. I am delighted to see representatives from various countries among the participants, including our BRICS and CIS partners.

I would like to express my gratitude to the regional government for facilitating this comprehensive dialogue and to Gleb Nikitin personally. Thank you very much for hosting the event in the welcoming region of Nizhny Novgorod!

The relevance of today's event is underscored, inter alia, by the shared concerns regarding the financial security of our countries. To mitigate

and ultimately eliminate common global risks, collaborative efforts are imperative.

Legislative control is undoubtedly one of the ways to reduce these risks. Establishing a dialogue between lawmakers and law enforcers, and sharing the best regulatory practices and legislative solutions, can significantly enhance the quality of legislative control.

As you may know, we are already undertaking efforts in this area on various international platforms. In particular, the BRICS Parliamentary Forum will be held this July in St. Petersburg.

Our Forum of Parliamentarians of the EAG member states is actively operating. Therewith, I extend special thanks to my colleagues from the financial intelligence units of our countries. On May 29 in Bishkek, alongside the EAG Plenary Session, we will convene the third Forum of Parliamentarians of the EAG member states, which will traditionally focus on legal remedies to mitigate money laundering and terrorist financing risks.

As the chairperson of the Forum of Parliamentarians, I would like to invite fellow legislators and representatives of competent

authorities and international organizations to attend the Forum. This year, the Forum will focus on the risks associated with the use of new technologies for criminal purposes, among other issues.

Today, in Nizhny Novgorod, we are launching another convenient and, I hope, effective discussion platform where theoretical, practical, and relevant law enforcement issues will be addressed. We, as parliamentarians, will closely monitor the outcomes of this discussion and work through the proposals that emerge from discussions.

Both within the context of Russian legislation and in case of mutual interest, we are certainly open to further discussions within the scope of our Parliamentary Forum on the Eurasian Group platform.

Finally, I would like to wish all participants of today's forum productive deliberations and meaningful solutions that contribute to our common goal of ensuring financial security at both the national and international levels. Let's begin our work! Thank you very much!

**LEGISLATIVE CONTROL
IS UNDOUBTEDLY ONE
OF THE WAYS TO REDUCE
RISKS. ESTABLISHING
A DIALOGUE BETWEEN
LAWMAKERS AND LAW
ENFORCERS, AND SHARING
THE BEST REGULATORY
PRACTICES AND
LEGISLATIVE SOLUTIONS,
CAN SIGNIFICANTLY
ENHANCE THE QUALITY
OF LEGISLATIVE CONTROL**



GLEB NIKITIN,
GOVERNOR OF THE NIZHNY NOVGOROD REGION



Dear friends, welcome to Nizhny Novgorod! Good afternoon!

On behalf of the Government of the Nizhny Novgorod Region, I extend a warm welcome to the attendees, guests, and organizers of the International Research-to-Practice Forum "Topical Issues of Anti-Money Laundering and Countering the Financing of Terrorism". I congratulate you all on the commencement of such a grand platform.

During the Forum, it is planned to develop joint measures to mitigate global risks, including terrorist financing, combating

corruption, drug trafficking, and the use of cryptocurrencies for criminal purposes. First and foremost, I would like to express my gratitude to our esteemed foreign and Russian guests for accepting the invitation and visiting Nizhny Novgorod.

The scale of the Forum is truly impressive, with about 400 participants.

Today, here, at the Nizhny Novgorod Fair, we are joined by heads of relevant ministries and agencies, financial intelligence units, law enforcement and supervisory authorities, international experts, and representatives of the scientific community.

I am delighted that over 20 countries are represented at the Forum, with about 150 individuals, participating both in person and remotely. I am convinced that in the current international climate, it is imperative for Russian regions and municipalities to establish strong, mutually beneficial partnerships with friendly countries to achieve national economic goals. In this context, the BRICS countries, with their extensive scientific and humanitarian capacities, are ideal partners.

The government of the Nizhny Novgorod Region places special emphasis on comprehensive development and cooperation with the BRICS countries. Under the plan for Russia's BRICS Presidency in 2024, the Nizhny Novgorod Region will host a number of high-level events, including the BRICS Foreign Ministers' Meeting, the International Diplomatic Conference, the X BRICS Meeting of Ministers of Environment Bodies, the Twin Cities

« I BELIEVE THAT THERE IS AN URGENT NEED FOR THE LEADERSHIP OF THE BRICS COUNTRIES TO DEVELOP A UNIFYING, POSITIVE POLICY AND TO FORM A GENUINELY MULTIPOLAR SYSTEM OF INTERSTATE RELATIONS, GROUNDED IN UNIVERSALLY RECOGNIZED PROVISIONS OF INTERNATIONAL LAW AND THE MAJOR PRINCIPLES OF THE UN CHARTER

and Municipalities BRICS Forum, the IIX BRICS Industry Ministers' Meeting, the BRICS Partnership for the New Industrial (Digital) Revolution Advisory Group meeting, and other events.

While there are many tasks ahead, by working in a coordinated manner, based on principles of equality and mutual support, we can effectively address the most pressing issues on the global and regional agenda. Undoubtedly, today's Forum is just the starting point in this extensive series of events.

It is essential that the Forum focuses on urgent issues such as combating money laundering and terrorist

financing, as well as implementing joint projects to enhance cooperation between the relevant agencies of the BRICS members, particularly in light of the horrific terrorist attack in Crocus City Hall on March 22, 2024.

I believe that there is an urgent need for the leadership of the BRICS countries to develop a unifying, positive policy and to form a genuinely multipolar system of interstate relations, grounded in universally recognized provisions of international law and the major principles of the UN Charter.

Today's event serves as direct evidence of our commitment to long-

term, effective collaboration. I would like to extend special gratitude to the management of Rosfinmonitoring, Yury Chikhanchin and his team, for choosing Nizhny Novgorod as the venue for this Forum.

Dear friends, I wish the Forum participants and guests fruitful work and meaningful communication. I hope that your discussions will result in practical solutions to address the challenges we face.

I wish you great success! Welcome to Nizhny Novgorod! Thank you for your attention!



**MARGARITA ANDRONOVA,
DIRECTOR GENERAL OF ITCFM
INTERNATIONAL COOPERATION
IN SPECIALIST TRAINING FOR THE
AML/CFT SYSTEM**

Good afternoon, dear participants of the Forum!

The presentations delivered during the Plenary Session have underscored that effective measures to mitigate risks, as well as the prevention and investigation of crimes related to money laundering and terrorist financing, are unattainable without international cooperation.

Money laundering, terrorist financing, and financial security challenges are global issues that transcend borders and nationalities. Therefore, it is crucial to create a unified international educational space to facilitate interaction among scientists, educators, specialists, students, and schoolchildren from different nations.



The AML/CFT system relies on the collaborative efforts of government authorities and the private sector. The key to an effective anti-money

laundering system lies in maintaining a high level of competence among current specialists.

Over the past 18 years, representatives of financial intelligence units and relevant authorities from nearly 70 countries across major world regions — Eurasia, Latin America, the Middle East, Southeast Asia, and Africa — have received advanced training at ITMCFM, both in person and via videoconferencing. At the end of March, we organized an internship training for the Ethiopian FIU staff, and we look forward to hosting a delegation from Madagascar after the Forum.

It is important for us to provide the ITMCFM platform to facilitate dialogue among experts from financial institutions. We fully support the format of the International Compliance Council, which has become a standard for the EAG.

Our partners — training centers under financial intelligence units in other countries — are also engaged in similar significant work.

The idea of establishing the International Association of Training and Methodology Centers, which working concept is currently being drafted, was supported at the Plenary Session of the Eurasian Group. We invite the Forum participants to join our efforts in organizing an exchange of experience both with existing training centers and in the establishment of new ones.

To train new specialists for the anti-money laundering system, the International Network AML/CFT Institute was established 11 years ago, with its operation coordinated by our Centre.

Today, the International Network Institute comprises 52 educational and scientific organizations from seven EAG countries, offering over 100 professional training programs. Over 300 professors and more than



5 thousand students are enrolled in AML/CFT courses.

We find it essential to encourage higher education organizations of BRICS countries to engage in the activities of the International Network Institute and to foster cooperation through joint research, experience exchange, conferences, seminars, and training.

The primary objective of any country is to engage young people, creating opportunities for realization and development of young talents.

In 2021, the member states of the Eurasian Group supported a pilot project to hold the International Olympiad on Financial Security. This year, over 50 countries from all over the world registered to participate in the first round of the Selection Stage.

The organization of national Olympiads on financial security was inspired by the interest of young people, sparked by the first Olympiad. These Olympiads are now held in Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. Initially aimed at students, we are now witnessing a growing interest in financial security issues among schoolchildren.

In general, we can confidently acknowledge the formation of an

international movement on financial security, which unites not only schoolchildren and students but also professionals in the field of financial security.

I am convinced that increased international cooperation in specialist training and the transfer of expert knowledge to young people will contribute to enhancing global security and the integrity of the international financial system.

**« REPRESENTATIVES
OF FINANCIAL
INTELLIGENCE UNITS AND
RELEVANT AUTHORITIES
FROM MAJOR WORLD
REGIONS RECEIVE
ADVANCED TRAINING,
BOTH IN PERSON AND VIA
VIDEOCONFERENCING IN
OUR CENTRE. THEY COME
FROM THE EURASIAN
REGION, LATIN AMERICA,
MIDDLE EAST, SOUTHEAST
ASIA, AND AFRICA**

SPEECHES BY FOREIGN PARTICIPANTS



KAMAL ANWAR, UN EXPERT ON COUNTERING THE FINANCING OF TERRORISM

Today, we will discuss the various risks and challenges we currently face. Five years ago, the UN Security Council adopted S/RES/2462 (2019), underscoring the urgent need to address new global threats. We have initiated a new program to combat terrorist financing in response to the numerous emerging trends and risks. While these risks are currently increasing, they may fluctuate over time.

I will cover a number of topics, for instance, virtual assets, which are perhaps the most pressing issue in AML/CFT. The risks associated with virtual assets are significant, and defining the scope of these threats is exceptionally challenging. Although virtual assets are the largest risk, their global involvement in terrorist financing makes their scope challenging to determine it.

I extend my gratitude to the event hosts, Rosfinmonitoring, and EAG, for their joint initiative. We continue our efforts in the virtual assets area too. Additionally, I appreciate the initiative demonstrated by our colleagues; I observed the Transparent Blockchain solution in action in Moscow. We believe this tool should be accessible to our professionals to jointly combat terrorist financing.

Non-profit organizations (NPOs) have long been a focus of our efforts. However, the attention given to this issue varies depending on the resources allocated. It is crucial to counter abuses in this sector to prevent NPOs



from being exploited for terrorist financing. We support NPOs in safeguarding against these threats, ensuring their safe and effective operation.

On Combating TF Threats at the Regional Level

Let me briefly discuss the trends. We recognize that regional and international trends vary, with some gaining momentum in certain

areas while diminishing in others. It is essential to develop relevant solutions for different regions. We have launched a project for the Central Asian regions aimed at gaining, consolidating, and sharing our expertise globally. We acknowledge the continuous convergence of various threats, and our office is dedicated to identifying certain patterns and establishing connections between different risks. Terrorist financing is intertwined with other crimes

« WE MUST COMBAT THE INVOLVEMENT OF NON-PROFIT ORGANIZATIONS IN FINANCING TERRORISM. WE SUPPORT NPOS IN SAFEGUARDING AGAINST THESE THREATS, ENSURING THEIR SAFE AND EFFECTIVE OPERATION



such as fraud, money laundering. In addition to the UN Security Council resolution adopted five years ago, we are implementing additional resolutions and assisting our members in their ongoing efforts. I thank you all for your dedication, and I believe it is crucial to enhance our capabilities and achieve even more precise and impactful results.

On Artificial Intelligence

Artificial intelligence has been a topic of considerable discussion recently. While some discussions may be speculative, AI is a significant issue that warrants serious consideration. There is an ongoing report on this topic, and discussions are taking place at the level of the UN Secretary-General, Mr. Guterres. We are drafting

guidelines to address AI-related issues and must stay abreast of, or ideally ahead of, AI advancements. AI can be exploited for propaganda, fundraising, and other malicious activities, necessitating our proactive engagement. I urge the esteemed audience to focus on this issue and incorporate AI advancements into your policies on AML/CFT and other related crimes.



**AHMED SAID HUSSEIN KHALIL,
CHAIRMAN OF THE BOARD OF
TRUSTEES OF THE EGYPTIAN
ANTI-MONEY LAUNDERING AND
COUNTERING THE FINANCING OF
TERRORISM UNIT**

Thank you, and good afternoon!

First and foremost, I would like to extend a warm welcome to everyone attending the International Research-to-Practice Forum "Topical Issues of Anti-Money Laundering and Countering the Financing of Terrorism". I take this opportunity to thank the BRICS representatives and all those involved in organizing this Forum, a significant event for all of us. This Forum is a vital response to the challenges posed by illegal financial flows to the global anti-money laundering system and the rising incidence of financial crimes worldwide.

The Arab Republic of Egypt sincerely acknowledges the efforts of the BRICS group, which plays a crucial role in strengthening economic cooperation and promoting initiatives that unite us in taking concrete steps to counter criminal activities. Given the high risks currently faced by our country, it is imperative to consolidate our efforts and prioritize the sharing



of experiences and cooperation among states in combating money laundering. Indeed, many nations are now confronting challenges

related to money laundering and other crimes, necessitating joint measures to unify our efforts in mitigating various risks.

Legal regulations against terrorism, both internationally and regionally, underscore the necessity of developing a common understanding of this issue. This is explicitly outlined in the International Convention for the Suppression of the Financing of Terrorism, adopted in 1999 by the UN General Assembly. The FATF emphasizes the importance of combating terrorist financing in its 40 Recommendations, particularly the 5th Recommendation, which advocates for precise measures to define and criminalize terrorist financing in accordance with the aforementioned Convention. The terms “criminal activity” and “criminal underworld” in general and in relation to terrorism is also clarified within these guidelines.

Moreover, the 6th Recommendation, pursuant to the UN Security Council resolutions on the prevention and suppression of terrorism and its financing, mandates that countries implement financial sanction systems. These systems require countries to immediately freeze the funds and assets of terrorists or criminals and to ensure that access to any funds or assets directly or indirectly benefiting any terrorist individual or organization is blocked.

In line with our commitment to international standards and the UN Security Council resolutions on terrorism, terrorist financing, and the financing of the proliferation of various weapons, as well as our belief

in the importance of cooperation and coordination in combating financial crimes, Egypt has established a legislative framework to combat terrorism and the financing of weapons proliferation. This framework is crucial for implementing targeted financial sanctions, which include freezing the funds and assets of those listed on the Security Council sanctions lists, as well as the execution of freezing procedures and database entries.

A solid legislative framework is the cornerstone of any sustainable action against terrorist financing. Moreover, it is essential for countries to integrate measures to combat terrorist financing into their national counter-terrorism strategies. These strategies should be based on national risk assessments of terrorist financing, serving as a foundation for each stakeholder to take appropriate steps in line with identified risks.

Recently, countries have adopted procedures to conduct a national ML/TF risk assessments in accordance with FATF Recommendations and Guidelines on National Risk Assessments. Steps have been taken to ensure that measures to combat terrorist financing are consistent with the identified levels of risk, aiding officials in decision-making and prioritization.

In this regard, Egypt received its first ML/TF risk assessment report in 2019 and continues to update

it regularly through all national authorities, including the private sector. This ongoing effort aims to identify, analyze, and assess the threats, vulnerabilities, and impacts of terrorist financing across other sectors. Financial intelligence units are at the forefront of combating terrorist financing globally, as they collect and analyze information from financial institutions and other reporting authorities to counter new techniques used by criminals and terrorists to gather information.

Positive cooperation in the sharing of financial information related to transactions suspected of terrorist financing is essential for advancing efforts to counter this threat at both local and international levels. It is worth noting that Egypt places great importance on regional and international cooperation, particularly through its membership in various organizations and networks.

While technological advancements offer significant opportunities for development, in which Egypt is keenly interested, it is imperative to implement measures to prevent the rise of criminal activities.

Once again, I would like to thank everyone! I am confident that this Forum will be immensely beneficial. Thank you!

 **THE ARAB REPUBLIC OF EGYPT SINCERELY ACKNOWLEDGES THE EFFORTS OF THE BRICS GROUP, WHICH PLAYS A CRUCIAL ROLE IN STRENGTHENING ECONOMIC COOPERATION AND PROMOTING INITIATIVES THAT UNITE US IN TAKING CONCRETE STEPS TO COUNTER CRIMINAL ACTIVITIES**



FERNANDO LUIS CAMEJO DE LA ROSA,
DIRECTOR GENERAL OF THE DIRECTORATE GENERAL ON RESEARCH OF FINANCIAL
OPERATIONS (DGIOF) OF THE CENTRAL BANK OF CUBA



Dear Mr. Chikhanchin,

Dear colleagues and participants
of the plenary session,

Let me sincerely thank you for
inviting me to join your efforts
to enhance the global AML/CFT
system.

The World Drug Report 2022,
published by the United Nations
Office on Drugs and Crime (UNODC),
highlights an unprecedented increase
in the production of illicit narcotic
drugs. Specifically, the increased
use of marijuana and the decreased
awareness among the population
regarding this issue may pose
significant risks to young people.

In my presentation, I will address the
money laundering risks associated
with illicit drug trafficking,
with particular attention to the
particularities of our Caribbean
island and the geopolitical
environment in which the Cuban
AML/CFT system operates.

First, it is important to emphasize
that the risk of laundering proceeds
from narcotic drug trafficking
was identified during the drafting
of the first Cuban National Risk
Assessment (ENR) in 2014, when the
Republic had just joined the FATF
Global Network.

GEOGRAPHIC CONTEXT:

40%
OF THE WORLD'S
COCAINE,
APPROXIMATELY
140 TONS,

is transported along the
route from Colombia to the
USA, passing through Central
America or the Caribbean.

70% OF COCAINE,
according to US authorities,
leaves Colombia through the
Pacific Ocean, 20% through
the Atlantic Ocean, and 10%
through the Caribbean.

IN TERMS OF CONSUMPTION:

70,3
MILLION PEOPLE

aged 12 and older (24.9%)
used illicit substances in
2021. Marijuana was the most
abused drug (22%), consumed
by 61.9 million people.

~169
MILLION PEOPLE

aged 12 years and older in the
U.S. (59.8%) had consumed
tobacco products, alcohol, or
drugs in the month prior to
being interviewed for the U.S.
Department of Health and
Human Services (HHS) as part
of the annual National Survey
on Drug Use and Health (2022).

Two of the eleven highest-ranked money laundering risks:

- A) Cuba's geographic location renders it vulnerable to exploitation by criminals engaged in illicit drug trafficking and transit.
- B) There is a risk of laundering proceeds derived from illicit drug trafficking and smuggling activities.

Risk A (medium-high):

- The use of speedboats that breach territorial waters and the deployment of "parcels" towed by sea from the Caribbean and Central America are common practices among drug traffickers operating along the Central Corridor route.
- Between January and December 2022, Cuban border guards identified 13 boats suspected of involvement in drug trafficking.
- There were 736 recorded violations resulting in the detection of 4,908.45 kg of narcotic drugs, including cocaine, marijuana, and hashish. Notably, 75% of these violations (542 cases) were discovered through shore patrolling.
- The Barrera Plan resulted in 24 drug smuggling investigations, 39 arrests, and the seizure of 7.25 kilograms of drugs.

Risk B (medium-high):

- Twenty-eight smuggling attempts were thwarted at the Cuban border, with 30.04 kg of narcotic drugs confiscated. These attempts originated from Suriname, Colombia, Ecuador, and the United States. Notably, methamphetamine and cocaine from the USA were detected for the first time.

- At the seven international airports of the country and the postal office, the General Customs seized 9,750 e-cigarettes, 73 of which contained marijuana and hashish.
- Nine incidents were recorded involving packages of gummy candies found to contain marijuana.

Countering illicit drug trafficking:

- Between 2021 and 2023, 95% of those accused were convicted, with 88% receiving sentences exceeding 15 years.
- In 2022, 9,558 cases of drug consumption were reported, including 3,734 cases among individuals aged 25 to 59. Citizens have access to free medical care.
- In 2023, a criminal network operated by foreigners and Cubans from the Dominican Republic with a support base in Jamaica was dismantled. The criminals trafficked marijuana by means of speedboats. Twenty-one people (including 3 foreigners) were arrested.
- Over 50 people were detained at the border, including 37 Cubans and 14 foreigners from Colombia, the Bahamas, the Dominican Republic, Venezuela, Panama, Chile, and Jamaica, who were involved as organizers or couriers.

PREVENTION AND MITIGATION

The Cuban Government demonstrates political will to address these issues through an integrated approach that balances prevention and enforcement, adhering to a "zero tolerance" policy.

The National Commission on Drugs, established on March 3, 1989, under the Ministry of Justice

of the Republic of Cuba, oversees national drug policy. Measures are implemented to reduce demand for narcotic substances, increase criminal liability, and educate the public on associated risks.

Key measures include:

- Educational activities and programs, social inclusion initiatives, affordable medical care, and rehabilitation services.
- Broad international cooperation is pursued based on shared and joint responsibility.
- The Action Plan of Comprehensive Care for Drug Addicts (2021-2023), developed and managed by the Cuban Ministry of Health (Ministerio de Salud Publica, MINSAP), includes 34 measures, most of which target adolescents and young people.
- The National Mitigation Strategy 2023-2025 outlines targeted measures to address these risks.
- Cuba is a signatory to the Single Convention on Narcotic Drugs of 1961, the Convention on Psychotropic Substances of 1971, and the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1989.

COUNTERING THE LAUNDERING OF NARCOTIC DRUG PROCEEDS UNDER THE FIU OF CUBA

An illegal money laundering operation involving the cultivation and trafficking of illicit narcotic drugs – including marijuana, cocaine, and oxycodone – in the United States was uncovered.

The investigation established a tie between the defendants in the criminal case and global transnational organized crime, including the Mexican Sinaloa cartel. The drug transportation routes included Miami



(Florida), the Mexican border, and California to other central, eastern, and southern U.S. states.

It is worth mentioning that the perpetrators fled to Cuba following the issuance of arrest warrants in the United States. In three instances, they traveled through Mexico, with Panama and the Bahamas also serving as transit points. The Cuban police authorities received an Interpol “red notice” as a warning. In a number of other cases, arrest orders and protocols were published online and in local newspapers.

Upon arrival in Cuba, the perpetrators attempted to launder some of the criminal proceeds by purchasing various assets and paying for

« THE CUBAN GOVERNMENT DEMONSTRATES POLITICAL WILL TO ADDRESS THESE ISSUES THROUGH AN INTEGRATED APPROACH THAT BALANCES PREVENTION AND ENFORCEMENT, ADHERING TO A "ZERO TOLERANCE" POLICY

vacations. These purchases were often made through intermediaries, including relatives and friends. The most commonly acquired items included houses and automobiles, along with a farm, boats, appliances, and other property. Transactions involving real estate and movable property were undervalued to reduce tax liabilities, and there were instances of simulated donations.

Additionally, illegal cash transportation across the Cuban border by both the defendants and their associates was documented. There was also evidence of illicit money transfers via agencies operating in the United States.



**YANG WU,
REPRESENTATIVE OF CHINA'S
FINANCIAL INTELLIGENCE UNIT**

Good morning, good afternoon, everyone!

Today, I am pleased to discuss the emerging trends in criminal activities related to virtual currencies in China. We will cover these trends, the background, and the ban of virtual currencies in China.

Since 2017, China has officially banned the use of virtual currencies. That is, it is illegal in China to use, provide services for, or use trading platforms for virtual assets and related services.

And we can see that the regulatory environment has been evolving. From 2021, the value of virtual assets has been decreasing, and some interesting trends have emerged in China. The amount of investment in this sector demonstrates a crisis in virtual currencies, yet prices are rising. Over the past three years, investment volume has declined, and speculation in virtual assets and currencies has decreased.

In 2021, the National Development and Reform Committee adopted a resolution on virtual currencies in China. This resolution specifies the aspects regarding the protection of citizens from money laundering with the use of virtual currencies, as well as environmental issues. As a result, we can observe that the number of domestic transactions with virtual assets has significantly declined, indicating a shift in the regulatory framework.

With regards to illicit activity in virtual assets, the following trend has been observed: overall risks have decreased in recent years. There are two primary reasons for this. First, the number of virtual

currency transactions in China has significantly declined due to the drop in prices and the ban on mining, effective since 2021. This aligns with the observations of our experts and other financial intelligence units and is supported by study data. Second, changes in the external regulatory environment have contributed to this trend. The FATF is updating its standards, and more countries are

hazards that are gaining momentum. There has been an increase in cross-border transfers to China using "gray" illegal banks for exchange transactions or money transfers. Exchanging the national currency for other currencies in China is challenging, leading to a "gray" market. The shadow banking economy increasingly involves the use of virtual assets as a means of



**« WE BELIEVE THAT EXTERNAL THREATS TO CHINA
IN THE VIRTUAL ASSET SECTOR HAVE ALSO BEEN
DIMINISHING OVER THE PAST FEW YEARS**

implementing regulations for trading platforms and exchanges accepting virtual assets. Consequently, external threats to China in the virtual asset sector have diminished over the past few years.

In general, the overall risks demonstrate a downward trend; however, there are a few specific

exchanging the national currency for foreign currencies. The Chinese government is aware of these trends and is drafting regulatory measures to combat illegal banking activities.

I would like to elaborate on how we address these issues. China has taken measures to combat illegal cross-border transfers of cryptocurrencies.

We have established an Information Sharing System across various organizations, including the Central Bank of China, the state information sharing office, the FIU, and other intelligence agencies.

Our efforts focus on three major areas. First, financial institutions identify activities related to virtual

transactions and make the activities of such forums or platforms publicly available on the Internet. This proactive approach helps us deal with violators in currency exchanges. Additionally, we monitor activities on public blockchains. In 2022, we investigated 560 cases related to illegal banking activities and identified over a thousand violations

in this sector. The total amount of fines imposed exceeded 1 billion yuan.

We remain committed to combating illegal cross-border transfers. Thank you for your attention!



**MAMITIANA
RAJAONARISON,
DIRECTOR GENERAL
OF THE FINANCIAL INTELLIGENCE
UNIT OF MADAGASCAR**

Thank you for this opportunity to speak. First, I would like to thank the EAG and Rosfin for inviting Madagascar as a

representative of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) to participate in this event. I would like to share Madagascar's experience in countering organized crime.

According to the Organized Crime Index, Madagascar focuses on financial crimes related to the trade in natural resources, illegal export of natural resources, and

tax crimes. Criminals operating in Madagascar often come from abroad but include nationals as well. As for AML/CFT, the country was evaluated in 2017. In general, our ratings were not very favorable; however, we are introducing reforms to ensure compliance with FATF standards. Currently, there are 17 Recommendations left for us to introduce. Our next mutual evaluation is scheduled for 2026.



Madagascar is a country rich in unique natural resources, including distinctive flora and fauna. Most of our natural resources are exported to other regions, and we lack the capacity to apply the “follow the money” principle effectively to reclaim illegally obtained assets. Last year, we recovered just over a million dollars, but these assets never left the country. Our FIU identified assets amounting to \$700 million, with about half of that cash leaving Madagascar.

Madagascar is an active party to the UN Convention against Corruption, the UN Convention on Transnational Organized Crime. However, there is insufficient international cooperation because our FIU is not a member of the Egmont Group. We are in the process of joining the Egmont Group to facilitate information exchange. In the interim, we are working to sign a memorandum of understanding with the FIU to exchange information and implement the “follow the money” principle, aiming to recover assets illegally

withdrawn from Madagascar. This Forum provides an opportunity to sign more agreements and memoranda of understanding, including with states currently attending. Unfortunately, a significant portion of our natural resources is illegally exported to Asian countries, such as valuable timber, various reptiles, and flora. We need to expand global cooperation.

As far as terrorist financing is concerned, we have a relevant specialized law. Last year, in cooperation with Interpol, we began tracking terrorists or those suspected in terrorism included in the Interpol database. As part of this initiative, Madagascar arrests potential terrorists or deports them to their countries of residence. We need to expand cooperation and support. In a few years, we plan to assess terrorist financing risks and develop effective policies to counter TF. Our FATF-Style Regional Body in Eastern and Southern Africa is currently developing a

◀ OUR FATF-STYLE REGIONAL BODY IN EASTERN AND SOUTHERN AFRICA IS CURRENTLY DEVELOPING A DIGITAL PLATFORM FOR INFORMATION SHARING BETWEEN FIUS

digital platform for information sharing between FIUs. We also conduct a regional risk assessment, and Madagascar is part of the project team. Additionally, there is the Southern African Development Community (SADC), which interacts with South Africa and coordinates AML/CFT activities. As a member of these organizations, Madagascar is pleased to share information and participate in this Forum to improve our performance in countering AML/CFT.

Thank you for your attention, dear delegates! Thank you!



VALERY SEMERIKOV, CSTO DEPUTY SECRETARY GENERAL

Regarding today's conference agenda, I would like to begin by stating that the current military and political situation, both globally and within the CSTO's scope, is exceedingly concerning. We have accumulated significant conflict potential across all sectors of activity, and in this environment, some states resort to various international terrorist organizations to achieve their goals. I suppose I will not reveal a big secret here, as everyone knows and understands what I mean.

As far as the CSTO is concerned, we attach great importance to countering challenges and threats, including terrorism, drug trafficking, and illegal migration. The heads of our member states prioritize these focus areas.

Throughout the organization's operation, we have developed effective practices for special operations and preventive measures, as well as relevant control and interaction mechanisms, all of which are closely interconnected. In this context, I would like to focus your attention on some of the operations

conducted almost annually by our member states. Notably, since the establishment of the CSTO in 2003, we have successfully blocked drug smuggling routes from Afghanistan, thereby halting the supply chain of synthetic drugs to European countries.<...> The second major focus of the organization, particularly in recent times, is countering the illegal migration of third-country nationals. This issue is addressed within the scope of the special operation “Illegal”, which has been implemented since 2007.



In 2019, we standardized our efforts to combat terrorism and extremism and began implementing a comprehensive set of anti-terrorist and preventive measures <...> All these operations primarily involve

the law enforcement agencies and special services of our states. The role and importance of financial monitoring services in these activities cannot be overstated. For example, only in 2023, thanks to the

CSTO's proactive involvement, over 2,400 cases of terrorist financing were identified.

I believe that our joint effort to improve and standardize the legislation of CSTO and CIS member states on combating terrorism, extremism, and drug trafficking, including AML/CFT, are crucial. In my opinion, it would be prudent to utilize the extensive capacities of the Parliamentary Assemblies of the CSTO and the CIS.

« ONLY IN 2023,
THANKS TO
THE CSTO'S PROACTIVE
INVOLVEMENT,
OVER 2,400 CASES OF
TERRORIST FINANCING
WERE IDENTIFIED



**KANAT ASANGULOV,
CHAIRMAN OF THE STATE FINANCIAL
INTELLIGENCE SERVICE UNDER THE
MINISTRY OF FINANCE OF THE KYRGYZ
REPUBLIC**

As for the best practices of international cooperation and the identification of risks and threats associated with terrorist financing and emerging technologies, I propose that we direct our focus toward regulating the circulation of virtual assets and electronic money. We can observe the rapid advancement of new information technologies, which induces uncontrollable transformations in

the global economy and financial system.

The risk of using virtual assets to finance terrorist activities has been ranked as medium. Nonetheless, at the same time it was identified that in the Kyrgyz Republic terrorist financing schemes can be executed through hidden terrorist and extremist organizations operating domestically. Second, there are individuals who support the ideologies of international terrorist organizations. Besides, the widespread availability of virtual asset transfer technologies facilitates the movement of these assets across borders. The results

of our risk assessment will guide us in identifying priority areas for risk mitigation.

« WE CAN OBSERVE THE
RAPID ADVANCEMENT
OF NEW INFORMATION
TECHNOLOGIES, WHICH
INDUCES UNCONTROLLABLE
TRANSFORMATIONS IN THE
GLOBAL ECONOMY AND
FINANCIAL SYSTEM



I advocate for the more frequent organization of joint forums at this level, enabling us to exchange experiences and address AML/CFT collaboratively. I would like to invite all Forum participants and interested parties to attend the Plenary Meeting of the Eurasian Group (EAG), scheduled to take place at the end of May this year in Bishkek, Kyrgyz Republic. We eagerly anticipate your participation in this important event!



HADI KHANI,
HEAD OF THE FINANCIAL INTELLIGENCE UNIT
OF THE ISLAMIC REPUBLIC OF IRAN

Financial technologies present numerous opportunities, but, at the same time, entail a large number of potential risks, including those related to the protection of the financial system. We can observe that advanced technologies have a number of benefits <...> However, regulators and law enforcement agencies must remain vigilant about the challenges and major risks these systems pose in terms of financial security. As we know, terrorists, terrorist organizations, and other criminals can rapidly adapt to new methods for moving funds across borders. However, it is crucial to remember that no single organization or jurisdiction can address these challenges alone. A partnership between the public sector, private sector, and various jurisdictions is essential.

We should be aware of the risks currently associated with virtual assets. Thus, it is essential to assess and understand the ML/TF risks, implement a forward-looking approach, allocate resources effectively, and take steps to mitigate these risks. In doing so, it is crucial to consider both the opportunities and threats presented by virtual assets.



IT IS ESSENTIAL TO ASSESS AND UNDERSTAND THE ML/TF RISKS, IMPLEMENT A FORWARD-LOOKING APPROACH, ALLOCATE RESOURCES EFFECTIVELY, AND TAKE STEPS TO MITIGATE THESE RISKS



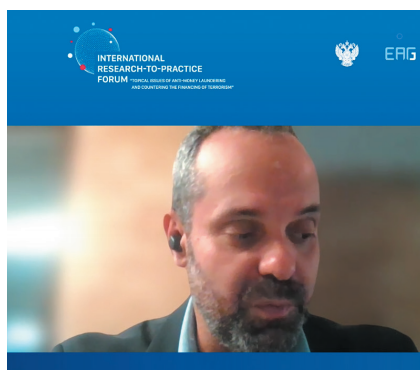
HONEY PATODI,
DEPUTY DIRECTOR OF THE FINANCIAL
INTELLIGENCE UNIT OF INDIA



International cooperation in AML/CFT and in particular within the scope of the virtual currencies, given their cross-border nature, is a major part of India's strategy to counter money laundering and terrorist financing. India is an active member of FATF, EAG, significantly contributing to the work of these bodies. Today, India faces financial threats to financial integrity such as cybercrime, corruption, and risks associated with virtual assets and new technologies. The illicit activities leading to these risks are cross-border in nature, making international cooperation crucial for addressing them. Events like today's Forum provide an opportunity for representatives of Financial Intelligence Units (FIUs) and other organizations to learn best practices from various countries in addressing the increasingly novel tactics of criminals. Moreover, such events facilitate building professional relationships among people from different nations.



MELO MARCONI,
GENERAL COORDINATOR OF THE
OFFICE OF INTERNATIONAL LEGAL
COOPERATION IN CRIMINAL MATTERS
OF THE RECOVERY DEPARTMENT
OF MINISTRY OF JUSTICE OF BRAZIL



First, I would like to express my condolences regarding the recent terrorist attack at Crocus City Hall. This tragic event underscores the importance of our constant efforts to combat terrorist financing <...> The issue remains highly relevant, and it is crucial to monitor various mechanisms of terrorist financing, including trade transactions and transactions involving cryptocurrency.



DMITRY ZAKHAROV,
DIRECTOR OF THE FINANCIAL
MONITORING DEPARTMENT OF
THE STATE CONTROL COMMITTEE
OF THE REPUBLIC OF BELARUS

Annually, the global economy loses over two trillion dollars due to corruption, which are legalized through various sophisticated criminal schemes. Moreover, we are all well aware that corruption paralyzes all sectors and strata



of society, and combating this "corrosion" of the economy is a primary objective of any state. To eliminate corruption and combat it, the Republic of Belarus has established an effective system aimed, inter alia, at preventing the legalization of criminal proceeds. This system of anti-corruption authorities comprises not only law enforcement agencies but almost all state bodies, as well as private sector enterprises. The financial monitoring authority is an integral part of this system and actively cooperates with all institutions. To enhance the efficiency of interagency cooperation between our FIU, law enforcement agencies, banks, other government agencies and organizations, we have concluded bilateral cooperation agreements. These agreements, in particular, stipulate the terms of information sharing.

Over the last two years, we have sent over three thousand analytical reports to various law enforcement agencies. As a result, based on our intelligence data, 251 criminal cases were initiated, with about 200 criminal cases involving corruption in one form or another. Consequently, over \$50 million were recovered for the budget.

COMMENTS FROM THE PARTICIPANTS

OF THE PLENARY SESSION OF THE INTERNATIONAL RESEARCH-TO-PRACTICE FORUM “TOPICAL ISSUES OF ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM”



BEN ILUNGA,
FINANCIAL INTELLIGENCE UNIT
OF THE DEMOCRATIC REPUBLIC
OF CONGO



“We would like to thank Russia for the opportunity to participate in the Forum. We hope for further cooperation.

Such events promote global partnership. Advanced technologies have made the world a “small” place. Today, we are all one family. We combat terrorist financing, money laundering, and the proliferation of weapons of mass destruction, which have spread across the world like a disease. We must unite to address these issues.”



SATNARAIN UTTAMA MOLLU,
REPUBLIC OF MAURITIUS

“This Forum is a good platform for representatives from various countries to exchange experience and best practices in anti-money laundering and countering the financing of terrorism. We share our knowledge so countries can learn and apply it in their work. A special focus



is given to virtual assets, specifically the measures implemented to counter the threats posed by the use of virtual assets in illicit activities. It is essential to share experiences and support international cooperation to combat global threats.”



MAMITIANA RAJAONARISON,
HEAD OF THE FINANCIAL INTELLIGENCE
UNIT OF MADAGASCAR



“This Forum is highly productive. First, it has brought together practitioners and academia to share experiences and learn from other financial intelligence units and fellow professionals. For instance, I learned a lot about virtual assets. This is quite a new area for Madagascar, and now I have gained insight into it. Secondly, the Forum is valuable for bringing together representatives of financial

intelligence units from various countries. International cooperation is what this Forum is all about, as we interact with a multitude of relevant agencies. This Forum surpasses any event I have attended before.”



DMITRY ZAKHAROV,
DIRECTOR OF THE FINANCIAL
MONITORING DEPARTMENT OF THE
STATE CONTROL COMMITTEE OF THE
REPUBLIC OF BELARUS



“I have very positive impressions of the Forum, everything is organized at a high level, and a great number of participants shared their best practices on combating money laundering and various illegal schemes.

Many speakers focused on development trends in cryptocurrency and combating fraud in this area. The aspects of countering terrorist financing were also discussed. The Forum provided a wealth of knowledge and experience from our colleagues.

We are all well aware that crime is cross-border in nature, and it is impossible to counter it through the

efforts of a single country. Today there is an opportunity, including through the Eurasian region and this Forum, to establish channels for the most prompt and effective communication between various financial intelligence units.

By now, these channels have been created, and there is a practice of cooperation, however, it should be improved and developed. Forums like this allow us to identify challenges that require developing solutions and measures to make our interaction system even more effective.”



FERNANDO LUIS CAMEJO DE LA ROSA,
HEAD OF FINANCIAL INTELLIGENCE
UNIT OF CUBA



“The Forum is outstanding and extremely interesting. The issues discussed are relevant to all participants and are a priority in our activities.

In my opinion, this is a unique opportunity to share experiences and gain information that will enable us to find new solutions to the challenging situations we face.

It is impossible to counter such serious crimes as money laundering, terrorist financing, and the proliferation of weapons of mass destruction without large-scale cooperation between states, agencies, and financial intelligence units.



No doubt, we are all busy people, however, it is crucial to spare time to meet and share experiences.”



AL-WAHAIBI ABDULAZIZ SULAIMAN,
FINANCIAL ANALYST AT THE NATIONAL
FINANCIAL INFORMATION CENTER OF
OMAN



“First of all, I would like to thank the Head of Rosfinmonitoring, the service staff, the University, and the student volunteers who were helpful, cooperative, and supportive.

It was a great experience for me to visit Russia. The beauty and hospitality of this country are incredible. The Forum offered scientific expertise and best practices and brought together AML/CFT experts from

all over the world. I would like to once again express my gratitude to Rosfinmonitoring for organizing the Forum and inviting me to participate in it.

This event is unique as it targets future generations (students). Training students and involving them in the activities of those who take major decisions is the right course towards the future.

Thanks to the Forum, I became acquainted with the unique and admirable traditions of the Russian culture and people. The Forum demonstrated the peaceful culture of Russians and their respect for foreigners.

I gained valuable knowledge and a deeper understanding of AML/CFT. Various trends in this field and the challenges of the modern world were discussed.

I made a presentation on virtual assets, including cryptocurrency, risk assessment of virtual assets and their suppliers, preventive measures against such risks, and those related to fraud.”



EAG PLENARY WEEK PASSED IN BISHKEK: READ OUR REPORT ON RESULTS

From May 27 to 31, Bishkek hosted the Plenary Week of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG). The Eurasian Group comprises nine states, including the CIS and BRICS countries. The event was attended by a Russian interagency delegation headed by Yury Chikhanchin, Director of Rosfinmonitoring and Chairman of the EAG

Within the scope of the Plenary Week, representatives of EAG member states, observers, invited states, and organizations gathered in the capital of the Kyrgyz Republic. Participants included Armenia, Azerbaijan, Japan, Iran, Mongolia, Serbia, UAE, USA, FATF and MENAFATF secretariats, CIS Executive Committee, Central Asian Regional Information and Coordination Center and UN Office on Drugs and Crime (UNODC), CIS CH FIUs, CSTO, SCO, and others.

Over five days of an intensive program, delegates attended the working group meetings, the 40th EAG Plenum, the III Forum of Parliamentarians of the EAG member states, and the 27th meeting of the Council of Heads of Financial Intelligence Units of the CIS Member States (CIS CH FIUs).

The Federal Financial Monitoring Service signed agreements to improve interaction formats with the financial intelligence agencies of Belarus, Kyrgyzstan, and Uzbekistan.

According to **Yury Chikhanchin**, enhanced interaction between the financial intelligence units of the EAG member states will make it possible to improve the national AML/CFT/CPF systems, particularly in countering crimes involving IT technologies.

Along with participating in the business program, the employees of the Russian Financial Intelligence Service, along with their foreign colleagues, joined the ceremony of planting twenty coniferous trees in

the Yntymak park. Thanks to this eco-initiative, Bishkek now has an EAG Alley.

40TH PLenary MEETING OF THE EURASIAN GROUP

The major event of the Plenary Week was the 40th EAG Plenum, which took place from May 30 to 31 and brought together representatives from various countries. Prior to the Plenary Session, participants expressed their condolences to the delegation of Iran in connection with the death of Ebrahim Raisi, the President of Iran.

The participants were welcomed by Mr. Akylbek Zhaparov, Chairman of the Cabinet of Ministers of the Kyrgyz Republic — Head of the Presidential Executive Office of the Kyrgyz Republic, and Mr. Yury Chikhanchin, Chairman of the EAG and Director of Rosfinmonitoring.

The Head of the Russian Financial Intelligence Service stated that forum activities would enable member states to identify practical steps to implement the EAG Strategy for 2024-2028 and the priorities of the Russian Presidency in the Group.

"The primary objective is to prepare for a new round of EAG mutual evaluations. In this regard, I would like to recall that in 2024, once the report on the mutual evaluation of India is approved at the June FATF Plenary Meeting, all EAG member states will complete the ongoing round of evaluations <...> Our substantive work involves the gradual development of national AML/CFT systems, with due regard for the new requirements of the FATF standards and an objective assessment of ML/TF risks," said Yury Chikhanchin. He added that training experts and implementing measures to address shortcomings identified during the

previous mutual evaluation should be a major part of the preparation process.

The EAG work plan for 2024 and 2025, the roadmap for minimizing ML/TF risks in the Eurasian region, and a number of other documents were reviewed at the Plenum. In particular, within the scope of the plenary session,

- The follow-up reports of Tajikistan and Turkmenistan were reviewed and approved;
- EAG procedures for the third round of mutual evaluations of national AML/CFT/CPF systems of EAG member states, as well as the follow-up monitoring, were approved;
- Data on the implementation of the roadmap for minimizing regional risks of money laundering and terrorist financing in the Eurasian region were presented;
- The list of criteria for suspicion with respect to claims for recovery of funds for criminal purposes was approved;
- A decision was made to organize a joint forum of the EAG and the Coordination Council of the General Prosecutors of the CIS member states for prosecutors on AML/CFT/CPF issues, to be held in the fourth quarter of this year in Minsk;
- The Association of Press Services of Financial Intelligence Units of EAG member states was established, and its activity concept was approved;
- Best practices of the participants of the Plenary Session in certain focus areas of national anti-money laundering systems and implemented projects in the AML/CFT sphere were studied;
- The Russian delegation presented data on preparation for the IV International Olympiad on Financial Security, to be held from September 30 to October 4 on the Sirius federal territory;

- The International Movement on Financial Security was endorsed;
- Japan's application to obtain EAG observer country status was approved.

The efforts within the scope of the Plenary Week of the Eurasian Group on AML/CFT were highly recognized by representatives of foreign delegations.



VIVEK AGGARWAL,
DIRECTOR OF THE FINANCIAL
INTELLIGENCE UNIT OF INDIA, HEAD
OF THE INDIAN DELEGATION TO FATF
AND EAG



"The Eurasian Group plays a crucial role in maintaining and enhancing the AML/CFT network in the

Central Asian region. The forum discussions help India, Russia, China, and the entire Commonwealth of Independent States maintain a unified AML/CFT strategy.

The EAG is a distinguished organization, pioneering several unique work formats globally, such as the Parliamentarians' Forum and the International Olympiad on Financial Security. Currently the initiative for the Prosecutors' Forum is under consideration. All these initiatives make the EAG a unique platform. I am convinced that the EAG's contribution to global efforts to counter money laundering and terrorist financing is an extremely effective practice that supports our common noble AML/CFT work."



HADI KHANI,
HEAD OF IRAN'S DELEGATION,
HEAD OF THE FINANCIAL
INTELLIGENCE OF IRAN



"I have been heading the delegation of the Islamic Republic of Iran at the EAG

events for two years now.

During this time, I have witnessed the proactive and specific measures taken by the Secretariat. Both member and observer states are highly engaged. The EAG Secretariat and the Russian delegation significantly assist other countries in understanding and participating in these activities. There is a clear unity of goals among both members and observers.

Such meetings play a crucial role in fostering cooperation, and I observe this cooperation growing stronger every day."

27TH SESSION OF CIS CH FIUS

On May 29, delegates from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, as well as observer countries India and Iran, attended the 27th session of the Council of Heads of Financial Intelligence Units of the CIS Member States (CIS CH FIUs). The session also included representatives from international organizations such as CIS Executive Committee, the Commonwealth of Independent States Anti-Terrorism Center (CIS ATC), the Interstate Council on Combating Corruption, the International

Training and Methodology Centre for Financial Monitoring (ITMCFM), the Eurasian Group on Combating Money Laundering and Financing of Terrorism and the Collective Security Treaty Organization.

In his address, Yury Chikhanchin, Chairman of the CH FIUs, emphasized the need to minimize joint risks by improving approaches, enhancing the efficiency of data exchange, and increasing the accuracy of submitted information.

In his speech, German Neglyad, State Secretary, Deputy Director of Rosfinmonitoring, noted that Russia made extensive and systematic efforts to improve AML/CFT/CPF legislation. In particular, he pointed out that last December the EAG Plenum had approved Russia's follow-up report for the period from October 2019 to July 2023, resulting in a Largely Compliant rating under three FATF Recommendations.

Discussions also covered the outcomes of the International Risk Assessment Center (IRAC) and specific aspects of enhanced regulation of digital currency turnover, focusing on the practical experiences of the private sector, which is an area of interest to the financial intelligence units. This knowledge will be incorporated into the CH FIUs activities.

Margarita Andronova, Director General of ITMCFM, presented a report on the activities of the Training Centre, which serves as the foundational organization for AML/CFT training in the CIS member states.

Delegation heads stressed the importance of information sharing between financial intelligence units to mitigate anti-money laundering risks in the CIS. Specific issues related to countering terrorist

financing were discussed in a closed format.

At the end of the session, Yury Chikhanchin awarded CH FIUs merit badges to representatives of countries and organizations for their active and fruitful work.

THE III FORUM OF PARLIAMENTARIANS OF THE EAG MEMBER STATES

One of the major events of the program was the III Forum of Parliamentarians and representatives of competent authorities in the AML/CFT sector, held on May 29 in Bishkek. The event was attended by parliamentary delegations, financial intelligence units, and other state bodies.

The Forum brought together delegates from Belarus, China, Kazakhstan, Kyrgyzstan, Russia, Turkmenistan, Uzbekistan, and the UNOCT. It was also attended by delegates from India, Iran, Mongolia, Tajikistan, UAE, USA, FATF, MENAFATF, and other international organizations.

On behalf of the Kyrgyzstan party, Nurlanbek Azygaliev, Deputy Chairman of the Supreme Council of the Kyrgyz Republic, welcomed the guests and organizers. He emphasized the value of proactive interparliamentary dialogue in developing mutually acceptable solutions on topical issues of Kyrgyz-Russian relations.

Nikolay Zhuravlev, the Forum Chairman and Deputy Chairman of the Federation Council of the Russian Federation, noted that the Forum's agenda focused on the legislative regulation of risks associated with the use of innovations, new financial technologies, and virtual assets used for laundering criminal proceeds and terrorist financing.



"We all recognize the necessity of keeping pace with advanced technologies and business models in the financial sector. This involves not only developing new financial instruments and technologies for consumer convenience, but also maintaining the stability of the financial system and ensuring financial security," said Nikolay Zhuravlev.

In turn, Yury Chikhanchin, Chairman of the Eurasian Group and Director of Rosfinmonitoring, underlined in his speech that terrorist and extremist financing, laundering of criminal proceeds, corruption, drug trafficking, and the use of new technologies in criminal activities remained serious global risks.

"It is evident that these risks can only be mitigated through joint efforts by integrating the capacities of the national AML/CFT systems of various countries, standardizing legislation, and adhering to FATF Recommendations," said the EAG Chairman.

The Head of the Russian Financial Intelligence Service stated that crime was becoming increasingly transnational in nature, and the use of new technologies for criminal purposes exacerbated the social danger of such acts and blurred international borders. Moreover, due to the lack of legal clarity regarding cryptocurrency circulation in many countries, there is a noticeable shift of drug trafficking to cyberspace and

an increased use of digital financial instruments for the legalization of criminal proceeds, including those from corruption.

"It is crucial to proactively address such threats by establishing common approaches to normative and legal regulations in this sector. The approach introduced by FATF in the 15th Recommendation is entirely appropriate. Before launching new technologies, it is essential to assess the risks of their use for money laundering or terrorist financing. Such an assessment is particularly significant at the legislative stage," said Yury Chikhanchin.

At the event, Russia was also represented by Senators Mukharby Ulbashev and Akhmat Salpagarov, German Neglyad, State Secretary – Deputy Director of the Service, Olga Tisen, Head of the Legal Department of the Service, Alexey Guznov, State Secretary – Deputy Governor of the Bank of Russia.

The Forum discussed national practices for improving AML/CFT/CPF legislation, regulating the circulation of cryptocurrencies, new technologies, and financial innovations, as well as the outcomes of law enforcement in this field. The delegates emphasized the importance of regulatory approaches to risk management regarding new technologies and measures to prevent their use for illegal purposes.

THREATS COMMON TO COUNTRIES INCLUDE:

- The use of decentralized cryptocurrencies for criminal purposes;
- Widespread use of Ponzi schemes;
- Internet fraud.

Following the III Forum of Parliamentarians of the EAG member states, a Declaration was adopted.

NEW GENERATION: THE MEETING OF FINANCIAL INTELLIGENCE OFFICERS FROM THE CIS COUNTRIES

On May 31, in Bishkek, as part of the increased International Movement on Financial Security within the scope of the 40th EAG Plenary Meeting, Yury Chikhanchin, Director of Rosfinmonitoring, met with graduates of the "New Generation" 2023 program from Russia, Tajikistan, Kyrgyzstan, and Kazakhstan.

The "New Generation" program, implemented by Rosfinmonitoring in collaboration with Rossotrudnichestvo (Federal Agency for the Commonwealth of Independent States, Compatriots, Residents Abroad and International Humanitarian Cooperation), aims to foster professional connections between employees of financial intelligence units of CIS countries.

The meeting was also attended by Kanat Asangulov, Chairman of the State Financial Intelligence Service under the Ministry of Finance of the Kyrgyz Republic.

During the training session, participants learned how advanced tools, primarily used by young people, are employed to finance

unlawful acts and how anti-money laundering standards are being implemented in this sphere.

At the event, Yury Chikhanchin and Kanat Asangulov told the young specialists about the professional skills required to work in financial intelligence units, answered the graduates' questions, and wished success to the participants of the IV International Olympiad on Financial Security.

The representatives of the "New Generation" program paid special attention to the preparation for the Olympiad final stage, which will be held on the Sirius federal territory from September 30 to October 4, 2024. They also shared their experience in interacting with contestants and organizing training events.

As previously noted by the Director of Rosfinmonitoring, in 2024 the selection stages of the Olympiad

would be held for the first time at the Sodruzhestvo international platform, which already has over 170,000 users. He also mentioned that the number of participants is expected to increase this year, with approximately 600 schoolchildren and students anticipated to compete in the final competitions.

The material was prepared by Kristina Tatarnikova

WELCOMING LETTER ON BEHALF OF THE EXECUTIVE COMMITTEE OF THE COMMONWEALTH OF INDEPENDENT STATES



DEAR MEMBERS OF THE COUNCIL AND SESSION PARTICIPANTS,

On behalf of the CIS Executive Committee and on my own behalf, I warmly welcome you to the regular session of the Council of Heads of Financial Intelligence Units of the CIS Member States.

This session takes place during a period of increased global complexity. Despite measures taken by the states to ensure financial transparency, methods of channeling resources into the shadow economy sectors are also evolving. This shadow financial component fuels criminal activities, including those of terrorist organizations.

In these conditions, our Council promptly responds to current challenges and threats, making a significant contribution to ensuring security in the Commonwealth. The coordinated and goal-oriented activities of the CH FIUs aimed at ensuring security; law and order are the major focus area of co-operation between the Commonwealth countries.

The Council is directly involved in developing the legal and regulatory framework for cooperation.

Thus, the Concept of the CIS Member States Cooperation in countering money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, developed by the Council on October 11, 2017, serves as a guideline for increasing the effectiveness of joint activities.

The Council drafted the Treaty of the CIS Member States on Countering ML/TF/CPF, which was signed on October 15, 2021 and already entered into force in four states. Another major project of the Council is the International Money Laundering and Terrorist Financing Risk Assessment Center, established by an agreement signed by the CIS heads of state last year.

I would like to express my gratitude to the Council members for their efficient participation in implementing ad hoc interstate programs on enhancing security. The high performance of the "Barrier" operation, which successfully detects international terrorist centers and their supporting structures, deserves recognition.

The Council plays a dynamic and consistent role in staff training, particularly through its foundational organization, the International Training and Methodology Centre for Financial Monitoring.

We are grateful for the high level of interaction and trust between the CIS Executive Committee, the Secretariat, and other working authorities of the Council, which positively impacts the work outcomes.

I am confident that we will reach agreements on all the issues under discussion, further enhancing practical cooperation between the financial intelligence units of our states in countering terrorism and money laundering, contributing significantly to the security of the Commonwealth.

I wish you productive work, good luck, and success.

Nurlan Seitimov



TRANSFORMATION OF CIS INSTITUTIONS TO SUPPORT THE EURASIAN AGENDA: ADDRESSING THE ISSUE OF ECONOMIC AND FINANCIAL SECURITY

At present, the global arena is witnessing significant changes across all sectors of international affairs, particularly in the economic sector. These transformations have led to economic confrontations, posing risks and threats to the wealth of world economies, including those within the Commonwealth of Independent States (CIS)



➤ DIANA DEVIATKINA,

Founder of the CIS Club of the Diplomatic Academy of the Russian Ministry of Foreign Affairs, employee of the Information and Analytical Department of the CIS Executive Committee



➤ ALEXEY KHARLANOV,

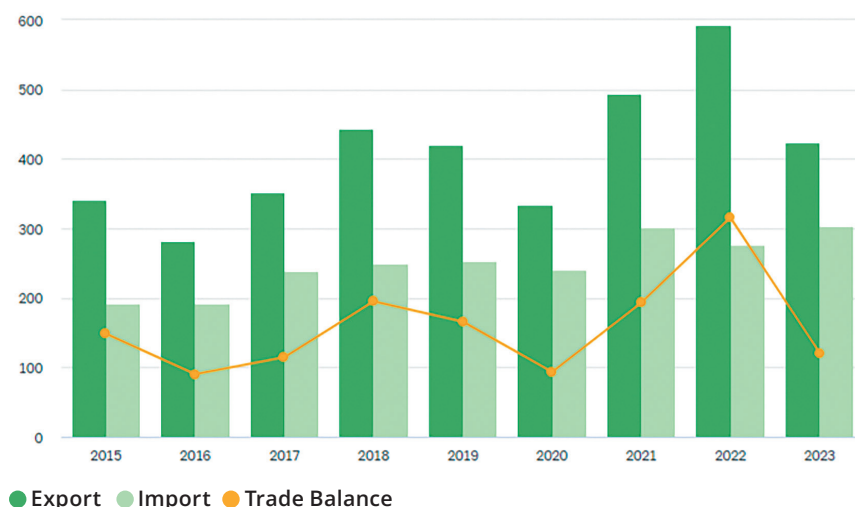
Expert of the CIS Club of the Diplomatic Academy of the Russian Ministry of Foreign Affairs, Professor of the World Economy Department of the Diplomatic Academy of the Russian Ministry of Foreign Affairs, Ph.D. candidate in Technical Sciences, Ph.D. in Economics

The economies of the CIS region are interconnected to varying degrees, making any challenge faced by one nation a focal point for its regional partners. According to the 2023 outcomes, the foreign trade turnover of the Commonwealth member states with the Russian Federation constitutes approximately 80%, while the

Russian Federation's trade with the CIS accounts for 16%, which is a significant indicator. Trade and economic cooperation continue to show an upward trend; as stated by Russian Prime Minister Mikhail Mishustin at the meeting of the CIS Council of Heads of Government, it increased by 6.5% in the first quarter of 2024. Moreover, the

Prime Minister noted that there is considerable potential for further economic cooperation between the CIS countries has room to develop. The Eurasian integration appears to be essential for enhancing the economies of the post-Soviet republics. CIS member states should focus on reinforcing their economic security and sustainability,

Trade Balance of the Russian Federation in 2015-2023, Billion USD



which is impossible in the current geopolitical environment without cooperation with friendly countries and upgrading national mechanisms to meet the recent challenges and realities of the transforming world economic system.

Within the Commonwealth, there is an increased consolidation of society and direct dialogue among the national elites of the post-Soviet space. These nations use their own credit and financial mechanisms, exchanges, payment systems, ecosystems, all varying in their involvement in marketplace operations and commodity distribution networks, etc. Advanced instruments of asset transfer within closed and semi-open systems of blockchains and bitcoins in various network structures and pyramids are under development. These offer a wealth of unique, targeted, and constantly evolving solutions that can shift the balance in favor of strengthening the Commonwealth's national interests, introducing its

own innovations, and replacing the former Western-centric structures. The developing "minor Asian tigers" (Indonesia, Malaysia, the Philippines, Thailand, and Vietnam) on the outermost borders of Eurasia are strengthening their positions, much like the original "Asian tigers" (Hong Kong, Singapore, South Korea, and Taiwan) of the early 1980s, who were builders of the multipolar world order – a focus area for the SCO and BRICS countries over the past decade within the EAEU.

This association is grounded in the consolidation of stakeholders in the areas of technologies and payment systems that can address the challenges of national technological sovereignty, which are directly prioritized in the Order signed by President Vladimir Putin entitled "On the national development goals of the Russian Federation for the period up to 2030 and in the perspective up to 2036" dated May 7, 2024. Notably, the Order aims to increase the number of foreign students in

Russian universities to 500,000, which will substantially contribute to human capital development in the CIS, Greater Eurasia, and allied countries, promoting multipolarity.

The CIS is becoming a hub for assimilating and evolving ideas of civilizational, cultural, and religious convergence, as well as transparent commodity-financial relations, which form the backbone of Eurasianism and foster growing cooperation among neighboring countries on various global projects.

The ability to combine bitcoins and bimetallic settlement systems, pyramids and exchanges, cryptocurrencies, and various intercountry national payment systems such as the "Mir" system, allows for the exchange of assets through metal accounts and barter schemes involving raw materials and processed products. This enables the protection of partners and reduces the cost of transferring national currencies among the friendly states, platforms, and unions.

This well-defined set of constantly updated instruments for exchanging information, goods and services, technologies, and precious metals provides Russia with a unique opportunity for self-realization and integration into the new financial ecosystem of global settlement centers. The political will, driven by the enthusiasm of the CIS member states' populations, their professional skills, and patriotism, offers the Commonwealth and its allied states a chance to explore the project of a unified evolutionary window, capable of transforming Eurasian integration.



DIGITAL CURRENCY: A NEW REALITY

57 OLGA TISEN

Legal regulation of virtual asset turnover
and countering their use for ML/TF purposes:
experiences from select CIS and BRICS
countries

62 DENIS POLYAKOV

Digital ruble for the welfare of people and
companies: the russian experience

LEGAL REGULATION OF VIRTUAL ASSET TURNOVER AND COUNTERING THEIR USE FOR ML/TF PURPOSES: EXPERIENCES FROM SELECT CIS AND BRICS COUNTRIES

The world is currently experiencing a period of fundamental transformation, characterized by the emergence of a new polycentric system of international and financial relations. Traditional formats of mutual settlements are being replaced by advanced technologies, necessitating legal regulations that are responsive to contemporary challenges and threats. Fifteen years after the creation of cryptocurrencies, it has become evident that the legal gaps governing their turnover pose significant threats to economic security and heighten the risks of their use in criminal activities

In the previous issue of the Financial Security Journal, we examined the practices of regulating virtual assets in the Republic of Belarus, the Republic of Kazakhstan, and the Kyrgyz Republic. In this issue, we will review the relevant regulatory practices of the Republic of India, the People's Republic of China, and the Republic of Uzbekistan



▶ OLGA TISEN,
Head of the Legal Department
of Rosfinmonitoring, Co-chairman
of the EAG Working Group on
Evaluations and Legal Issues (WGEL),
Doctor of Juridical Science



LEGAL REGULATION OF VIRTUAL ASSET TURNOVER FOR AML/CFT PURPOSES IN INDIA

The legal system of the **Republic of India** is hybrid, unique in nature, and combines features of Anglo-Saxon, Romano-Germanic, Hindu and Muslim legal families, as well as religious and civil norms.

In 2018, the Reserve Bank of India banned financial institutions from collaborating with cryptocurrency companies. However, in March 2020, the Supreme Court of India lifted this restriction, allowing financial institutions to assist these entities.

In 2019, the Government of India established a committee to study the use of cryptocurrencies and blockchain technologies, as well as to propose relevant regulations.

In India, tokens are considered digital assets and are subject to national tax laws. In 2022, a 30% tax was imposed on proceeds from tokens and NFTs.

Virtual assets are not recognized as legal tender in India, but they are not outlawed.

On March 7, 2023, the Revenue Department of the Ministry of Finance of India issued Notification No. 244184¹, classifying virtual asset service providers (VASPs) as subjects under the Money Laundering Prevention

¹ <https://egazette.gov.in/WriteReadData/2023/244184.pdf>.

Act, 2002. Consequently, VASPs must comply with the AML/CFT requirements outlined in the 2005 Money Laundering Prevention laws and regulations. Following this, the Financial Intelligence Unit (FIU) of India extended the AML/CFT guidelines to include VASPs.

The main regulators of the crypto industry in India are:

- 1) Reserve Bank of India;
- 2) Company Registrar, Ministry of Corporate Affairs;
- 3) Income Tax Division of the Revenue Department of the Ministry of Finance;
- 4) Securities and Exchange Board of India.

As of May 1, 2024, due to the active efforts of the FIU of India, 47 VASPs, including crypto exchanges, were registered both inside and outside the country. Non-registered foreign VASPs faced strict measures, such as operational blocks in India and remedial orders. Several foreign VASPs, such as Kucoin and Binance, have registered and now comply with all of their AML/CFT obligations.

Moreover, the FIU of India has developed detailed guidelines on specific anti-money laundering measures that VASPs are required to implement/comply with, including Know Your Customer (KYC) procedures, standard and enhanced Customer Due Diligence (CDD) measures, the "routing rule", customer background checks against sanctions lists, Suspicious Transaction Report (STR) submission procedures and requirements, record maintenance, information sharing with competent authorities, and waivers for informing clients about financial monitoring measures applied to them.



LEGAL REGULATION OF VIRTUAL ASSET TURNOVER FOR AML/CFT PURPOSES IN CHINA

China has a unique legal system comprising the laws of mainland China and the regulations of its administrative regions. Pursuant to Article 31 of the Constitution of the People's Republic of China, "The State may establish special administrative regions whenever appropriate. The special administrative region regime shall be established by laws adopted by the National People's Congress, with due regard for the specific situation."

Currently, cryptocurrency transactions are entirely banned in the PRC. However, the special administrative regions of Hong Kong and Macau, as well as Taiwan, have implemented alternative models.

China is one of the pioneering countries to explore virtual assets for economic development. Cryptocurrencies gained popularity in the PRC back in the early 2010s. By early 2013, China had become a major center for cryptocurrency trading and one of the world's leaders in mining. In 2014, the People's Bank of China (PBOC) initiated a project to study digital currency.

In 2013, the PBOC, along with four other departments, issued a notice titled "Prevention of Risks arising from Bitcoin"² (关于防范比特币风险的通知), which prohibited financial institutions from conducting transactions with cryptocurrency.

In September 2017, the PBOC released an information letter titled "Prevention of Risks Associated

with Initial Token Offerings" (关于防范代币发行融资风险的公告), which banned national cryptocurrency trading platforms and ICO (Initial Coin Offering) activities³, stating that ICO transactions would be subject to criminal liability.

At the end of October 2019, the People's Republic of China adopted the Law on Cryptography, which established cryptographic standards and procedures for the use of cryptocurrencies and provided for the creation of an independent state cryptography authority (Art. 5).

On January 10, 2019, the State Internet and Information Office published the Regulations on Management of Blockchain Information Services (区块链信息服务管理规定), setting forth rules for services derived from relevant technologies.

In the Notice on Measures to Prevent the Risks of Offering Tokens to Raise Funds (关于防范代币发行融资风险的公告), dated September 2021, the People's Bank of China, the Ministry of Industry and Information Technology, the General Office of Industrial and Commercial Administration, the Banking Supervision Commission, the Securities Supervision Commission, and the Insurance Regulatory Commission further declared that raising funds by offering virtual tokens constitutes illegal financial activities. This document made mining in China de facto banned⁴.

PRC laws also regulate virtual assets for AML/CFT purposes. Relevant legislation includes the Law on Countering Terrorism (中华人民共和国反恐怖主义), adopted by the SC of the National People's Congress on December 27, 2015, with subsequent amendments⁵ and the Law on

² https://www.gov.cn/gzdt/2013-12/05/content_2542751.htm [in Chinese].

³ <http://www.pbc.gov.cn/english/130721/3377816/index.html>.

⁴ <http://www.pbc.gov.cn/en/3688110/3688172/4157443/4353814/index.html>.

⁵ <https://www.chinalawtranslate.com/en/counter-terrorism-law-2015/>.

Combating Money Laundering (中华人民共和国反洗钱法), adopted by the SC of the National People's Congress on October 31, 2006)⁶.

The special administrative regions of the PRC have their own specific legal regulations for VASP activities.

The Anti-Money Laundering and Terrorist Financing Act⁷, passed by the Legislative Council of Hong Kong on December 7, 2022, amending the Anti-Money Laundering and Terrorist Financing Ordinance⁸, came into force on June 1, 2023. This law incorporates FATF standards as well as the provisions of Recommendation 15.

In addition to general requirements for VASP activities (including registration and licensing), Hong Kong imposes further requirements. The Licensing Commission may request detailed financial statements, audit opinions, cybersecurity measures, and AML policies when deciding on authorization.

Existing licenses may be revoked by the Securities and Futures Commission (SFC) of Hong Kong due to illegal acts, misconduct, or suspension of operations with virtual assets. Licensed VASPs are constantly supervised by the SFC.

In Taiwan, VASPs are classified as AML/CFT entities. Pursuant to Articles 1-17 of the Regulations of the Taiwan Financial Supervisory Commission on the Prevention of Money Laundering and Combating

Terrorism on Virtual Currency Platforms and Trading Enterprises⁹, cryptocurrency exchanges must obtain a license, use the KYC system, assess and identify risks of using cryptocurrencies for ML/TF purposes, set transaction objectives, inform authorized bodies of suspicious transactions, and comply with other AML/CFT legislation provisions.

Under the Macao SAR Financial System Law of 1993, financial activities can be exclusively conducted by financial institutions, credit organizations, and financial intermediaries¹⁰. The regulatory scope of this law does not cover operations with cryptocurrencies. However, at the same time, services related to asset management, as well as currency exchange or money transfer, which involve cryptocurrencies, fall within its regulation scope. On June 17, 2014, the Monetary Authority of Macao (AMCM)¹¹ issued a warning against engaging in bitcoin transactions, defining bitcoin as a virtual asset that was neither legal tender nor a financial instrument subject to AMCM supervision¹². Following the PRC authorities' ban on financial services involving cryptocurrencies, the AMCM, on September 27, 2017, urged all banking and other financial institutions in Macau not to participate in or provide directly or indirectly any financial services involving cryptocurrency¹³. In a letter dated August 6, 2018, the AMCM demanded all banks and financial institutions in the Macau SAR refrain

from participating in or providing transactions or any financial services involving cryptocurrencies or other virtual assets as payment instruments.



LEGAL REGULATION OF VIRTUAL ASSET TURNOVER FOR AML/CFT PURPOSES IN UZBEKISTAN

The regulation of virtual asset turnover in the Republic of Uzbekistan is governed by several presidential decrees, including the Decree of the President of the Republic of Uzbekistan on Measures to Introduce Project Management in the Republic of Uzbekistan dated July 24, 2017, the Decree of the President of the Republic of Uzbekistan on Measures to Develop the Digital Economy and the Turnover of Cryptoassets in the Republic of Uzbekistan No. PP-3832 dated July 3, 2018¹⁴, the Decree on Measures to organize Crypto Exchange Activities in the Republic of Uzbekistan No. PP-3926 dated September 2, 2018¹⁵, and the Decree on Organizing the Activities of the National Agency for Advanced Projects of the Republic of Uzbekistan No. PP-3150 dated July 27, 2017¹⁶.

Pursuant to the above documents, the National Agency for Advanced Projects of the Republic of Uzbekistan is responsible for developing and implementing a unified state policy regarding cryptoassets.

⁶ <http://www.pbc.gov.cn/fxqzhongxin/3558093/3558111/3561752/index.html>.

⁷ <https://www.info.gov.hk/gia/general/202212/07/P2022120700263.htm>.

⁸ <https://www.elegislation.gov.hk/hk/cap615>.

⁹ Regulation on Prevention of Money Laundering and Combating Terrorism on Virtual Currency Platforms and Trading Enterprises dated June 30, 2021 [in Chinese] // URL: <https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=G0380268> (Date of access: August 29, 2023).

¹⁰ Macau Financial System Act, Decree-Law no. 32/93/M, July 5, 1993, Article 2. https://bo.io.gov.mo/bo/i/93/27/declei32_en.asp.

¹¹ Autoridade Monetaria de Macau. URL: <https://www.amcm.gov.mo/>.

¹² AMCM. A warning against engagement in bitcoin transactions (July 17, 2014). URL: <https://www.amcm.gov.mo/en/about-amcm/press-releases/gap/caution-against-engagement-in-bitcoin-transactions>.

¹³ AMCM. A notice on the risks related to virtual assets and cryptocurrencies (September 27, 2017). URL: <https://www.amcm.gov.mo/files/press-releases/gap/>.

¹⁴ <https://lex.uz/ru/docs/3806048?ONDATE=04.07.2018%2000#3806419>.

¹⁵ <https://lex.uz/ru/docs/3891610>.

¹⁶ <https://lex.uz/ru/docs/3280174>.

A special regulatory regime for the circulation of cryptoassets in Uzbekistan has been established. Under this regime, the implementation of projects involving cryptoassets as a payment instrument is banned in the territory of the Republic of Uzbekistan.

Uzbekistan VASPs render services for individuals and legal entities to buy, sell, exchange, store, issue, place, and manage cryptoassets. These VASPs include crypto exchanges, mining pools, crypto depositories, crypto stores, and other types of service providers as defined by the National Project Management Agency.

As of October 1, 2018, activities relating to the turnover of cryptoassets, including the establishment of crypto exchanges, require licensing. From January 1, 2023, citizens and legal entities of the Republic of Uzbekistan are permitted to conduct transactions to purchase, sell, and exchange cryptoassets exclusively through national service providers in accordance with established legal procedures.

The Department for Combating Economic Crimes under the General Prosecutor's Office of the Republic of Uzbekistan, the National Agency for Advanced Projects of the Republic of Uzbekistan, which serves as the licensing body for VASPs, and other relevant authorized state bodies are responsible for monitoring service providers' compliance with AML/CFT/CPF regulations.

Pursuant to Article 12 of Law No. 660-III of the Republic of Uzbekistan on Anti-Money Laundering, Countering



the Financing of Terrorism and Proliferation Financing dated September 24, 2004, individuals and entities engaged in activities related to the turnover of cryptoassets are classified as entities engaged in transactions with funds or other property. They are subject to obligations including customer due diligence, internal control, reporting to the authorized state body, and information retention.

To implement AML/CFT/CPF standards within the area of cryptoasset turnover, the National Agency for Advanced Projects along with the Department for Combating Economic Crimes under the General Prosecutor's Office of the Republic of Uzbekistan developed and approved AML/CFT/CPF Internal Control Regulations for persons engaged in cryptoasset turnover activities¹⁷. Following the FATF's issuance of the Updated Guidance

for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers, the Internal Control Regulations were amended accordingly¹⁸.

CONTROL OF VASPS IN EAG COUNTRIES

In EAG countries, VASPs predominantly include crypto exchanges, crypto stores, crypto trading platforms, cryptocurrency depositories, and mining pools.

The lack of practical regulations for VASPs does not impede their operation but rather exacerbates the shadow economy. A significant number of cryptocurrency exchanges and crypto trading platforms operate illegally, are not registered in any jurisdiction, do not identify crypto-address owners, do fail to comply with established procedures and

¹⁷ <https://static.norma.uz/documents/documents3/3309.pdf>.

¹⁸ <https://new-department.uz/ru/about/otkrytye-dannye/>.

requirements. This regulatory gap facilitates the use of cryptocurrencies for illicit activities, including money laundering and terrorist financing.

AS OF MAY 1, 2024, VASPS ARE CLASSIFIED AS AML/CFT ENTITIES IN FIVE EAG COUNTRIES:

Belarus, India, Kazakhstan, Kyrgyzstan, and Uzbekistan. In China, it is banned to create tokens and operate as VASPs. In other EAG countries the development and alignment of the regulatory framework for VASP activities is currently underway.

The basic regulatory requirements for VASPs in EAG countries generally include:

- Registration/licensing;
- Development and implementation of internal control regulations;
- Identification, customer due diligence, and implementation of the KYC system;
- Risk assessment, risk-based approach;
- Identification and reporting of suspicious transactions to the authorized body;
- Measures to identify the beneficial owner of a cryptocurrency wallet;
- Tracking and submitting information on transactions subject to mandatory control to the authorized body;

- Preventing the platform's use by individuals and organizations included in terrorist lists;
- Measures to seize and freeze transactions.

Thus, since 2021, Uzbekistan has implemented the AML/CFT/CPF Internal Control Regulations for entities engaged in cryptoasset turnover activities, which include:

- Organization of the internal control system and customer due diligence;
- Identification and assessment of risk levels;
- Establishment of criteria and indicators for suspicious transactions, as well as the procedure for their identification;
- Procedures for dealing with persons included in the list of those involved or suspected of involvement in terrorist activities or the proliferation of weapons of mass destruction, and measures to be taken upon their detection;
- Execution of requests and instructions from the special authorized state body;
- Execution, storage, and confidentiality of information and documents.

Following the FATF's publication of The Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers in October 2021¹⁹, the ICR in Uzbekistan were amended to include:

- Enhanced requirements for individuals appointed to internal

control duties and the founders of entities engaged in cryptoasset turnover activities;

- Mandatory use of software capable of analyzing cryptoasset transactions (including the identification of trading platforms where client's crypto wallet addresses have been used, links between crypto wallet addresses, and other addresses, etc.) and assessment of the risk related to the use of client crypto wallet addresses in illegal activities. At the same time, to ensure competition in the Republic of Uzbekistan, VASPs may select software for monitoring transactions and identifying suspicious activities at their discretion.

Under general regulations, institutions must register in the country where they operate. However, states typically require all cryptocurrency exchanges and trading platforms that provide services to their citizens to obtain a mandatory license. Consequently, centralized crypto exchanges frequently obtain licenses in multiple jurisdictions simultaneously.

¹⁹ https://cbr.ru/content/document/file/113302/Руководство_ПОП_БА_ПУБА.pdf.

DIGITAL RUBLE FOR THE WELFARE OF PEOPLE AND COMPANIES: THE RUSSIAN EXPERIENCE

The digital ruble, Russia's new national currency, has already appeared in the Russian Federation legal framework. The Bank of Russia has launched the digital ruble platform, and pilot transactions with real Russian digital money are currently underway.

We asked Denis Polyakov, Deputy Director of the National Payment System Department of the Bank of Russia, to provide detailed insights into the digital ruble and its anticipated use by individuals and businesses



GLOBAL EXPERIENCE

Today, there is tremendous global interest in drafting projects on central bank digital currencies (CBDC), including among BRICS and CIS countries. In 2023, the Bank for International Settlements surveyed 86 countries to understand their engagement in developing digital currencies. A vast majority, 81 countries, are either actively engaged in

studies to determine project launch dates and the implementation model for their state or are already developing actual CBDC prototypes. Only nine countries are actually running pilot projects and using their countries' digital currencies in practice, either for a limited number of clients or for a wider audience. And Russia is one of them.

Central bank digital currencies are launched and developed in each state based on specific goals. In some countries, the aim is to compete with technology giants that dominate payment services and displace banks from this market. In others, the



CBDC worldwide

81 of 86 surveyed states are developing a prototype or a pilot of CBDC*

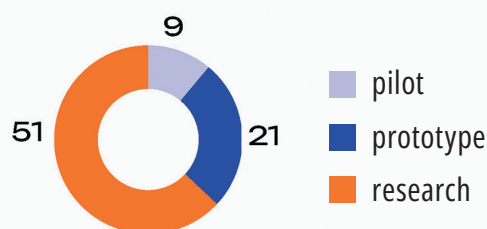
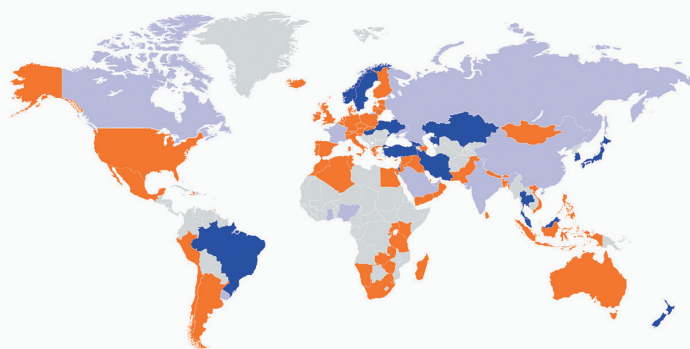
*according to the Bank for International Settlements as of early 2023



Банк России
Bank of Russia



Финтрек
Fintrek



objective is to address financial inclusion, ensuring that even the most remote locations have access to payment services and allowing the rural population to make cashless payments with the national currency.

For Russia, it is crucial to be at the forefront of countries setting trends in the CBDC area. This will enhance its national payment system and elevate it to a new level of service. Russia has become one of the first countries in the world to develop a payment system with all the features of an advanced national payment system (NPS). This includes a national digital currency, a National Payment Card System, a Fast Payment System (FPS), and its own financial messaging system (the Bank of Russia's SPFS – an alternative to SWIFT). Our payment services market ranks among the top five global leaders, and it is essential to maintain this momentum. Encouraging financial market participants to innovate and create new products and services for clients while reducing business costs remains a priority.

MARKET DISCUSSIONS

In October 2020, the Bank of Russia published a report for public consultations entitled “Digital Ruble.” Its release generated significant feedback from financial market participants, business representatives, government officials, and society. The majority of respondents supported the Bank of Russia's initiative to introduce the Russian CBDC and create a digital ruble platform.

Following an analysis of the comments and suggestions received during the report discussion in early April 2021, the Bank of Russia published the Digital Ruble Concept. This concept outlined the benefits of the digital ruble, the target model, monetary policy approaches for its introduction, and the project's milestones.

Along with the concept publication, the Bank of Russia began developing

a prototype of the digital ruble platform, as well as proposals to draft federal laws that would establish a legal framework for the national digital currency.

The Digital Ruble Platform (DRP) is an in-house development by the Bank of Russia, incorporating the most advanced technological solutions and adhering to the strictest information security requirements.

During the piloting phase of the DRP, its functionality and accessibility were confirmed, with no technological or legislative barriers identified.

PLATFORM LAUNCH

In an exceptionally short span of just two years following the publication of the concept, the digital ruble platform was operational by May 2023. As a new form of non-cash currency, the digital ruble will circulate alongside cash and existing non-cash money without disrupting

the current two-tier financial banking system. The Bank of Russia anticipates that this additional convenient, safe, and accessible payment instrument will reduce costs and enhance the quality of services provided by banks. At the same time, banks will remain the major players in the retail payment market.

OFFICIAL LAUNCH OF RUSSIA'S DIGITAL NATIONAL CURRENCY

On August 1, 2023, the principal provisions of the law on the digital ruble came into force, establishing the regulatory framework to pilot transactions with real domestic digital money.

Thus, the digital ruble, a digital form of the Russian national currency, is equivalent to both cash and non-cash money. First of all, it serves as an additional tool for payments and transfers, allowing citizens the flexibility to choose their preferred instrument.

All transactions with the Russian digital currency are conducted on the Digital Ruble Platform, which is operated by the Bank of Russia. Moreover, pursuant to the law, the Bank of Russia sets the rules, standards, and rates for digital ruble transactions.

All transactions in DRs are free of charge for citizens. For companies, the transaction fee to accept payments for goods and services in digital rubles is 0.3%, significantly lower than the average card transfer commission rate of 1-2.2%. This offers a distinct advantage of digital ruble transactions over traditional non-cash ones. Furthermore, citizens and businesses can access their digital accounts through any bank connected to the digital ruble platform, eliminating the fees and restrictions imposed by individual banks.

The digital ruble also holds the potential to establish new mechanisms for cross-border settlements, contingent on interest from foreign

participants and the availability of similar platforms. Additionally, the digital ruble is expected to foster increased competition within the banking sector, particularly among major players, leading to more favorable service conditions for both citizens and businesses.

MISCELLANEOUS

It is essential to note that there are fundamental differences between the digital ruble and cryptocurrency. Unlike cryptocurrencies, which lack a single issuer and a central authority bearing obligations, the digital ruble is a national monetary instrument issued by the Bank of Russia.

In terms of payments, transactions with digital rubles closely resemble conventional non-cash payments. However, such payments will not be subject to the terms and conditions set by banks, meaning there will be no limits on the amount of transfers and no commission for transfers between citizens.

Digital Ruble

A Digital Form of National Currency

Operator of the DR Platform - Bank of Russia

Features of the Digital Ruble

- Digital ruble accounts are opened and maintained on the Bank of Russia's platform
- Access to a digital ruble account is available through any member bank
- Unified rules and rates apply
- The digital ruble serves as a payment and transfer instrument

Equivalence of All Forms

1 digital ₸ =
1 non-cash ₸ = 1 cash ₸

Citizens can choose their preferred payment method

The digital ruble offers an additional payment option alongside cash and non-cash money

In the future, digital rubles may also be used in locations without Internet access.

HOW TO OPEN AND TO USE A DIGITAL WALLET

A digital ruble account or, in simple terms, a digital wallet can be opened on the Bank of Russia's platform via any mobile application of a bank where a person or company holds an account. Both individuals and legal entities are permitted to open only one wallet. The wallet can be accessed for replenishment and operations, as already noted, via the mobile application of any member bank.

Using a digital wallet, people will be able to make transfers to other citizens, pay for goods and services by QR code, and also transfer digital rubles to their bank accounts. Transfers from a bank account to a digital wallet are limited to 300,000 rubles per month. Beyond this limit, additional digital rubles can be received from other individuals, such as family and friends. Digital rubles can be spent or transferred without any limits within the account balance. There are no daily limits on digital ruble transfers, and transfers are free of charge for citizens.

In case you have cash, you can replenish your digital wallet via a non-cash transfer: first deposit the cash into your bank account via an ATM or bank cashier, then transfer it from your account to your digital wallet. If you need to withdraw cash, reverse the process: first transfer money from your digital wallet to your bank account, then withdraw the cash through an ATM or bank cashier.

Unlike bank transfers and FPS transfers (Fast Payment System), digital ruble transfers are not subject to bank rate policies.

A CLIENT'S CHOICE

Citizens will have the flexibility to choose their preferred form of money – cash, non-cash, or digital rubles. The Bank of Russia finds it essential to ensure access to various payment instruments, as well as to provide the option to choose between them. Citizens will not be required to open a digital ruble wallet. Those who do not wish to use digital rubles can opt not to open a wallet.

If you have a digital wallet and receive a transfer in digital rubles, you can instantly deposit them into your bank account at any time, and then, if desired, withdraw cash at an ATM or bank cashier.

BENEFITS FOR CITIZENS, BUSINESSES, AND THE STATE

Transfers in digital rubles will be free of charge for citizens, enabling quick and convenient money transfers. Access to the digital account will be possible through the application of any bank connected to the DR platform.


The main advantage for businesses is significantly lower transaction rates compared to traditional acquiring fees. Apart from that, companies will be able to reduce other costs associated with accepting cashless payments.

The introduction of the digital ruble will increase competition in the financial market, fostering the development of new products and services. For the state, benefits include a new payment infrastructure, reduced costs for payment administration, and further digitalization of the economy.

ABOUT CASHBACK, INTEREST ON BALANCE, AND BONUSES

The digital ruble is designed as an instrument for payments and

transfers, not for saving or lending. Therefore, no interest will be charged on the balance and no cashback will be accrued for payments in digital rubles. Moreover, it is essential to understand that a digital ruble is not a bonus or loyalty program score but a national payment instrument. Digital rubles cannot expire or be annulled, and they can be spent at the user's discretion without restrictions on the types of goods.

 **CITIZENS WILL HAVE THE FLEXIBILITY TO CHOOSE THEIR PREFERRED FORM OF MONEY – CASH, NON-CASH, OR DIGITAL RUBLES. THE BANK OF RUSSIA FINDS IT ESSENTIAL TO ENSURE ACCESS TO VARIOUS PAYMENT INSTRUMENTS, AS WELL AS TO PROVIDE THE OPTION TO CHOOSE BETWEEN THEM**

Digital rubles will not be dependent on power supply. As with non-cash rubles, digital rubles will remain in your account even if the power goes out. All information will be securely stored on the Bank of Russia's platform, with transaction data backed up on the digital ruble platform.

BANK SECRECY

The scope of information on citizens in transactions involving digital rubles will not exceed that already established for transactions involving non-cash rubles. Data on digital wallet balances as well as those on digital rubles are subject to the same bank secrecy protections as traditional bank accounts.

Future Plans

In the Pilot Phase

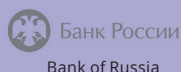
- Opening and replenishment of a digital ruble account
- Transfers between individuals, including automatic transfers
- Payment for goods and services via QR codes

In 2024

- Dynamic QR codes and transfers between legal entities
- Integration with enforcement proceedings, AML/CFT, and seizures
- Use of digital rubles for budgeting purposes is under consideration

After 2024

- C2G, G2C, B2G, G2B transactions
- Offline mode



PILOT


Following the enactment of relevant laws, the pilot phase for real digital ruble operations started as scheduled, as of August 15, 2023. It is currently ongoing. At present, 12 banks with about 600 of their clients (both individuals and companies), as well as almost 30 trading and service companies are participating in the pilot. At the first stage, the digital ruble platform supports basic operations such as opening and replenishing digital ruble accounts, transferring funds from digital wallets to bank accounts, transfers between individuals, payments for goods and services and their refunds, as well as simple self-executing transactions (autopayments). The piloting is

proceeding as scheduled. The technological aspects of interaction between banks and users with the digital ruble platform are being further fine-tuned, and the ease of client route use is being tested. As of the end of Q1 2024, over 28 thousand transactions have been conducted on the platform since the pilot phase began.

Currently, another 20 banks are ready to join the pilot. These banks have already entered into agreements to join the Bank of Russia's Digital Ruble Platform and

are in the process of customizing their systems. The lists of banks involved in the pilot and those planning to join are published on the official website of the Bank of Russia.

The pilot phase will continue throughout 2024 with a gradual increase in participants and the functional expansion of the platform. This year, the pilot aims to test payments for purchases and services via dynamic QR codes, internet transactions, and transfers between legal entities.

 **THE PILOT PHASE WILL CONTINUE THROUGHOUT 2024
WITH A GRADUAL INCREASE IN PARTICIPANTS AND THE
FUNCTIONAL EXPANSION OF THE PLATFORM**



YOUNG PROFESSIONALS' TRIBUNE

68 EVELINA VALOVA

Youth in BRICS



EVELINA VALOVA,
second-year student of the Diplomatic Academy of the Russian Ministry of Foreign Affairs, member of the Russian delegation to the IX BRICS Youth Summit, Head of the INTERMEDIA Media Club

YOUTH IN BRICS

Over the past few years, BRICS integration activities have expanded beyond just economic cooperation. The youth vector has become one of the focus areas of the organization, and today BRICS can deservedly be deemed the most relevant platform for unlocking the potential of the member states' youth

Since the beginning of the Russian Presidency, on January 1, 2024, over ten youth conferences, forums, schools, and summits on various areas of cooperation have been officially scheduled in our country. Thus, to foster international relations, the InterYES! International Youth Forum on Public Diplomacy was held in April. In July-August, the BRICS model will be implemented as part of the School of Young Diplomats in Artek additional general development program.

BRICS Plus BRICS Youth Energy Summit and the Topical Problems of Subsoil Use International Forum-Contest of Students and Young Scientists of the BRICS countries will focus on scientific and technical integration. Besides, in May, HSE University students took part in the BRICS+ Youth Innovation Summit held in South Africa, where they had an opportunity to present and defend their individual business projects. The winners were invited to participate in other international business

and entrepreneurship programs, including the XXVII St. Petersburg International Economic Forum (SPIEF). This demonstrates that such interaction between young people is not merely an exchange of views but a promising and far-reaching partnership.

Apart from short-term projects, BRICS also hosts year-round events.

Established in 2014, the "BRICSYES!" BRICS Youth Expert Society continues to bring together young experts from BRICS countries, who collaborate on cross-civilizational, political, and financial and economic studies.

Each year's outcomes and plans for future politics are usually discussed at annual summits. Within BRICS youth interaction, a youth summit is traditionally held a few months before the meeting of the BRICS heads of state. The BRICS Youth Summit has become a major event to promote cooperation between young leaders. Annually, they



meet in the presiding state to develop proposals that can be submitted to the heads of state for review.

Last year, the South African city of Durban hosted the IX BRICS Youth Summit. As a member of the Russian delegation, I had the privilege of drafting presentations with practical proposals across five agenda areas:

- 1) Partnership development to ensure a fair and just energy transition;
- 2) Transformation of the education system and development of skills for the future;
- 3) Unlocking opportunities through fulfillment of the Free Trade Agreement on the African continent;
- 4) Post-pandemic socio-economic recovery and realization of the 2030 Agenda for Sustainable Development;
- 5) Enhancement of multilateralism, including efforts to reform global governance institutions and strengthen the role of women in the peacemaking process.



Over two days, each of the five countries presented their positions, and on the final day, negotiations were held to draft a resolution. This part of the summit determines the meeting outcomes and the proposals to be included in the final document, requiring young leaders to apply all their diplomatic knowledge and skills to reach a consensus, from ideas to wording. However, the most important thing to realize is that the summit truly decides the fate of further development of the youth vector in the organization, as the decisions taken are binding for implementation.

In 2023, the establishment of the BRICS Youth Council, which was initiated by the participants of the IX BRICS Youth Summit, became the most crucial outcome of



the summit of the countries' leaders for youth policy. Today, the council operates successfully, marking a breakthrough in youth diplomacy and confirming the vital role of youth interaction in global politics.

In 2024, the Youth Summit will be held from July 22 to 26 in Ulyanovsk, where young leaders from ten countries of the organization will gather and focus on five tracks: education, science and training; youth entrepreneurship; research, technology and innovation; youth community service and volunteering; health and sports. Once again, like the last year, young people will have an opportunity to share their ideas and then present them as a final resolution to the leaders of the countries within the scope of the XVI BRICS Summit to be held in October.

Thus, youth cooperation within BRICS extends far beyond just discussions and negotiations on the proposed agenda. Today, it represents a specific area of politics and diplomacy characterized by creativity. Young people, interacting with each other, create new platforms for cooperation and propose ideas for projects, including those related to the economy and national security. In today's interconnected world, there are no borders for young people; they are able to work together regardless of time, geographical constraints, and cultural differences. However, realizing these initiatives requires young people who are ready to act and defend their country's position regularly. It is in the interest of the heads of state to be responsive to them, as young people are the new generation that will be in charge of further cooperation among BRICS members.



ANTI-MONEY LAUNDERING NEWS

-
- 71** Vienna: 67th session of the UN commission on narcotic drugs
-
- 71** Moscow: bilateral meetings between the financial intelligence units of Russia and a number of states
-
- 71** Kazan: XV International economic forum "Russia — Islamic world: Kazanforum"
-
- 72** Minsk: conference on countering crimes involving digital assets
-
- 72** Manama: 38th MENAFATF plenary meeting
-
- 73** Education and career in financial security exhibitions were held at the universities of the BRICS countries
-

VIENNA: 67TH SESSION OF THE UN COMMISSION ON NARCOTIC DRUGS

The event in Vienna, Austria, brought together over a thousand experts involved in countering the proliferation of narcotic drugs and regulating their trafficking. Boris Toropov, Advisor to the Director, represented Rosfinmonitoring at the event



One of major special events was a meeting of BRICS delegations organized by the Russian Ministry of Foreign Affairs to discuss the use of the Internet and new financial instruments in drug trafficking.

The Russian delegation presented a report on its practice of tracking illegal cryptocurrency transactions through the Transparent Blockchain software.

MOSCOW: BILATERAL MEETINGS BETWEEN THE FINANCIAL INTELLIGENCE UNITS OF RUSSIA AND A NUMBER OF STATES

Yury Chikhanchin, Director of Rosfinmonitoring, hosted representatives from the financial intelligence units of Ethiopia, Madagascar, and Uzbekistan



Foreign colleagues were able to study Russia's practices in conducting financial investigations, regulating virtual assets, as well as using new technologies and monitoring tools.

The parties highlighted the importance of enhanced international cooperation in AML/CFT issues due to the transnational nature of current threats to global financial security and outlined promising areas for future collaboration.

KAZAN: XV INTERNATIONAL ECONOMIC FORUM "RUSSIA — ISLAMIC WORLD: KAZANFORUM"

Galina Bobrysheva, Deputy Director of Rosfinmonitoring, spoke at the State Audit as an Instrument of Trust and Openness of the Government session organized by the Accounts Chamber of the Russian Federation within the XV International Economic Forum "Russia – Islamic World: Kazanforum"

The expert discussion, moderated by Svetlana Orlova, Auditor of the Accounts Chamber of the Russian Federation, was attended by Oleg Morozov, Chairman of the State Duma Control Committee, Eli Isaev, Deputy Head of the Federal Treasury, Farid Mukhametshin, Chairman of the State Council of the Republic of Tatarstan, representatives from other government authorities in Russia, Algeria, Azerbaijan, and Gambia, as well as representatives from the banking sector and the Russian Chamber of Commerce and Industry.

The event focused on the issues of openness of state bodies as a guarantee of citizens' trust and various aspects of interagency interaction among financial control bodies.



MINSK: CONFERENCE ON COUNTERING CRIMES INVOLVING DIGITAL ASSETS

The participants of the scientific and practical conference shared their experiences in digital forensics and discussed innovative methods of combating cybercrime



Olga Tisen, Head of the Legal Department of Rosfinmonitoring, underlined the close cooperation between the financial intelligence services of Russia and Belarus and both countries' interest in enhancing interaction in combating money laundering and terrorist financing.



MANAMA: 38TH MENAFATF PLENARY MEETING

The Middle East and North Africa Financial Action Task Force (MENAFATF) held its 38th plenary meeting in Manama, the capital of the Kingdom of Bahrain



Delegates from member states and MENAFATF observers, and AML/CFT/CPF experts from international organizations acknowledged the progress made by member states in improving technical compliance with the FATF Recommendations.

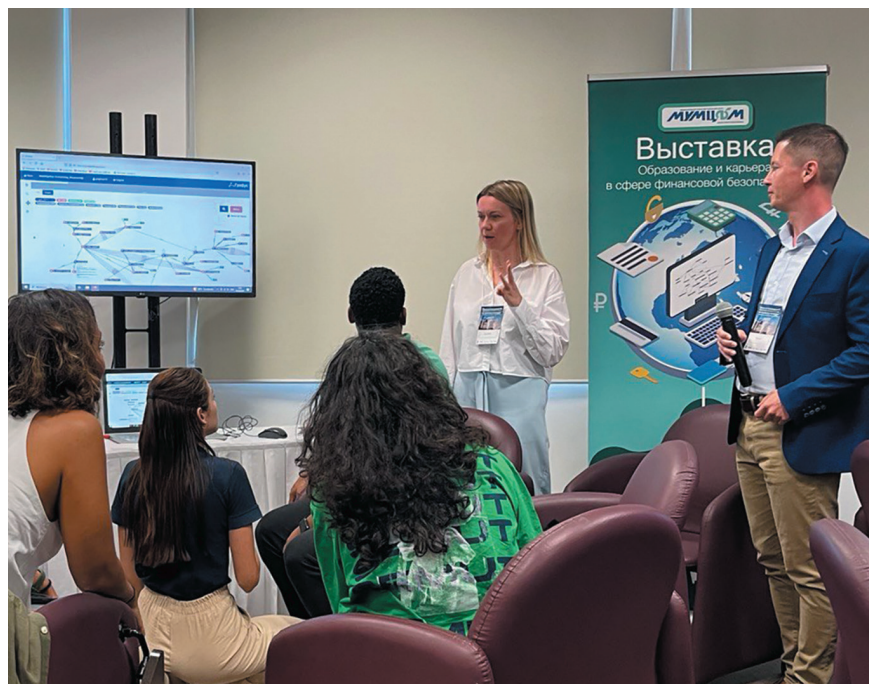
Moreover, the mutual evaluation report of the Republic of Iraq and extended follow-up reports on the national AML/CFT systems of Egypt and Morocco were also approved.

BRICS EDUCATION AND CAREER IN FINANCIAL SECURITY EXHIBITIONS WERE HELD AT THE UNIVERSITIES OF THE BRICS COUNTRIES

The educational exhibitions of the International Network AML/CFT Institute were held for students from Brazil, Egypt, Ethiopia, and United Arab Emirates

Representatives from the International Training and Methodology Centre for Financial Monitoring presented educational IT services, discussed the International Movement on Financial Security, and conducted quizzes and master classes. Guided by experts, exhibition participants were able to conduct financial investigations on their own using the Graphus training system and the Transparent Blockchain service.

As part of the exhibition, students from BRICS countries attended thematic lessons on financial security No-Child's Games: How Not to Fall Victim to Financial Crimes, where they learned how to protect themselves from being involved in fraudulent schemes, including those related to assisting in terrorist financing.





EDITORIAL BOARD



Chairman of Editorial Board

Mr. Yury Chikhanchin



Deputy Chairman of Editorial Board

Mr. Vladimir Ovchinnikov



Deputy Chairman of Editorial Board

Mr. German Neglyad



Chief Editor

Ms. Irina Ryazanova

MEMBERS OF EDITORIAL BOARD



Ms. Galina Bobrysheva



Mr. Ivan Kornev



Mr. Oleg Krylov



Mr. Anton Lisitsyn



Mr. Sergey Teterukov



Mr. Alexey Petrenko



Ms. Margarita Andronova

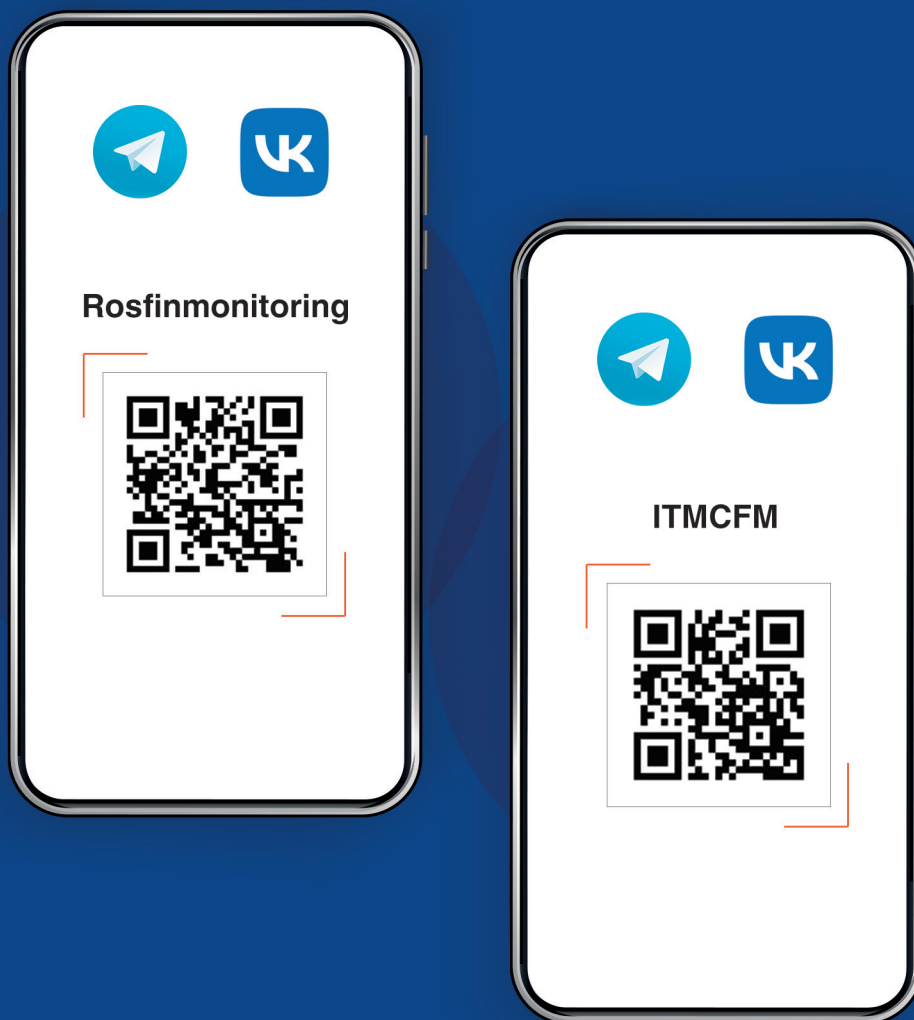


Mr. Evgeny Gileta



Ms. Marina Shemyakina

Rosfinmonitoring and ITMCFM in Telegram and VKontakte



Publisher

Autonomous Non-Profit Organization
International Training and Methodology Centre for Financial Monitoring
Staromonetny Lane 31, bld.1,
Moscow, Russia, 119017. E-mail: info@mumcfm.ru.

Opinions and viewpoints expressed by authors do not necessarily reflect opinions
and viewpoints of the *Financial Security* journal editorial board.

ITMCFM
2024