

MONEY LAUNDERING CONSEQUENCES FOR THE NATIONAL ECONOMY

The article deals with the problem of money laundering and its impact on the state of the national economy. The consequences of money laundering obtained by criminal means and their impact on the country's economy are also considered.

Key words: *money laundering, illegal revenues, shadow economy.*

У статті розглядається проблема відмивання нелегальних доходів та її вплив на стан національної економіки. Також аналізуються наслідки відмивання коштів, одержаних злочинним шляхом та їх вплив на економіку країни.

Ключові слова: *відмивання грошей, нелегальні доходи, тіньова економіка.*

Today Ukraine has a high level of criminal economy compared to other countries. Therefore, the study of the negative impact on shadow economy development and the process of money laundering is very important factor in protecting the national economy of Ukraine.

The national economy, broadly defined, is an economic activity that is structured in the sector-related and territorial areas, operates within the country and corresponds to economic, political and ideological order that is formed in this country.

The national economy protection involves the protection of national economic interests. National economic interest is a set of objective economic needs of an independent country, which are manifested in the unity of different economic interests of the nation. This reflects the public needs that are met by country's efficient, stable economic and social development and forms a competitive national economy [2, p. 98].

Economic crimes, which are accompanied by obtaining illegal revenues, put national economic interests at serious risk.

Money laundering is an operation when the origin and purpose of money payment are hidden. Money laundering is the conversion or "cleansing" of property that originates from a serious crime in order to conceal its source. It should be noted that the process of money laundering poses a threat to general economic development of the countries that refuse to tightly control this type of international criminal activity.

Uncontrolled heaps of dirty money inflows and outflows can potentially destroy the national economy of the host country. Excess cash flows in circulation distort the demand for cash, interest rates and thus lead to inflation. Billions of dollars outflow a year from the economic system threatens not only the stability and development of individual national economies, but also the international financial system as a whole.

The main source of illegal revenues is shadow economy, which consists of three segments: informal, underground and fictitious economy.

The informal economy is the concealment of effective revenue in order to evade taxes.

The underground economy is the conduct of legally prohibited economic activities.

Fictitious economy is corrupt practice and various kinds of fraud for the purpose of obtaining financial gain.

International organizations identify the following channels of illegal revenues origin:

- organized criminal groups money received from criminal activity, which need to be legalized;
- terrorist groups that need financial resources to purchase weapons;
- officials who receive bribes.

International regulations also deal with serious crimes that are the source of illegal revenues. Such crimes include: drugs production and sale, weapons illegal production and sale, vehicles theft and sale, cultural property and antiques illegal trade, illegal transactions in the financial services market, transplants illegal traffic, human trafficking, organized prostitution, illegal gambling, fraud, racketeering, property theft with its subsequent sale, budget funds misuse, smuggling, counterfeit activities, pseudo-entrepreneurship, fictitious business, corruption, provision of services for money laundering. These crimes are called predicate [1, p.65].

World researchers have identified 24 most obvious manifestations of money laundering. Only one of them has direct effect, and all the others have an indirect effect. Dirty money indirect legalization affects economic, social and political spheres. The main ones are [1, p.69]:

- loss for the victim and benefit for the offender (has direct impact);
- consumption and savings nature distortion;
- investments distortion;
- unfair competition;
- changes in the structure of imports and exports;
- changes in production, income and employment;
- state revenues reduction;
- strong fluctuations in interest rates and exchange rates;
- better credit availability;
- capital inflows and outflows higher level;
- economic statistics distortion;
- threats to privatization processes;
- risks for losing country's reputation and changes in foreign direct investment and capital flows;
- risks to financial sector liquidity;
- changes in income and financial sector liquidity in the context of global financial crises;
- direct impact on economic growth.

Based on the above, it can be claimed that money laundering has a negative impact on real sector of the economy – production and consumption. Illegal revenues have an impact on business activity, relative prices and savings, labour productivity, employment and economic growth.

In the financial sector, its liquidity, reputation, integrity and stability are affected.

The public sector also has a negative impact on the legalization of dirty money due to losses from tax evasion, privatization processes disruption and a sharp change in interest rates and exchange rates.

In social sector, the consequences are savings devaluation, corruption, bribery and rising crime.

In political sector there is a violation of political institutions.

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