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A New Development in the Secret Economy is Offenses in Settlement Relations

Ismailova Ma'mura Eldorovna¹

1. International University of Tourism and Cultural Heritage "Silk Road", Uzbekistan

* Correspondence: ismail19932609@gmail.com

Abstract: This study examines the complexities of the secret economy, paying special attention to crimes like money laundering and tax fraud that are perpetrated through settlement relations. Although the wider effects of the shadow economy have been extensively studied, little is known about how particular legal flaws in financial systems allow these crimes to occur. Investigating the exploitation of regulatory gaps, particularly in decentralized finance and cryptocurrency platforms, the study employs a qualitative investigation of contemporary financial behaviors. The results show that these shadow transactions greatly reduce financial openness, making it possible for corruption and unchecked illicit fund transfers to occur. With consequences for global economic governance and sustainable development, the findings highlight the necessity of stronger laws and international collaboration to stop illegal cash flows.

Keywords: secret economy, credit cards, account, bank, company, debit note, crimes, false information, fake check books, slips, loss, payment

1. Introduction

In the present period, the methods of crimes committed by using the payment order and application, as well as other payment documents in the implementation of settlement operations, are increasing dramatically. Jurisprudence shows that in each specific case, criminals quickly and "competently" adapt to the real changes in economic life and skillfully use the contradictions in the law and subordinate documents, such as imbalances and deficiencies in the banking legislation, for their own benefit.

At the initial stages of the reorganization of the banking system and the settlement procedure, when payments are made in accepted (initial or subsequent) or non-accepted forms of the payment request, the tax authorities are widely confronted with the criminal embezzlement of funds. In such a calculation, applications were paid during the day of the operation as soon as they arrived at the bank. The payer can refuse to pay these payments within three working days from the date of receipt of the requests to his bank. Funds deducted from the account of the product supplier on the basis of the paid application in the amount of the amount waived on the day of receipt of the application for refusal of acceptance are deleted from the account where the payments were made.

Taking into account the above, it can be noted that the criminals create a fake company, use the funds in its account by signing a fake contract, and based on applications without goods, and then liquidate the company. It is practically impossible to recover these amounts, because the recipient's account number either does not have funds or he has finished his work.

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Later, the calculations were practically stopped through the applications in the last acceptance procedure. As a result, encroachment on other people's funds has decreased, but crimes in other forms, in particular, using check books, are common nowadays.

For example, in order to absorb funds, an entrepreneur, as a buyer on behalf of an enterprise, concludes a sales contract with a social protection fund for disabled and orphaned children, and knowing that they do not have a large amount of money, based on fake account checks in a limited book transfers money in advance. Then he cancels the contract and tries to transfer the amount specified in the check to his account number and convert it into cash. Fake limited check books are obtained from bank employees in return for appropriate incentives.

Along with the payment methods mentioned above, settlement operations, a special form of letters of credit are used when settling with people in other cities. In this case, the type of settlement is specified in the contract, or the supplier of the product transfers the buyer to this type of settlement in accordance with the sanction procedure.

Review of Literature

Amongst academics and policy folks, settlement relationships have been in focus for their cascading impacts on global trade, cryptocurrency-related transactions as well as broader geopolitical dynamics linked to the covert economy. The second issue is broader, regarding the secret economy, meaning economic activities (e.g., illicit financial transactions, tax evasion and money laundering) that takes place outside of formal indicative system. Offences happening within the region are significant because they point to understanding the impact these shadow economies have to both national and international markets.

Many offenses in settlement relations involve informal mechanisms to bypass formal banking and regulatory systems. Among these are tax evasion, misrepresentation of financial statements and large scale informal flows of money that do more harm than good. The emergence of decentralized finance (DeFi) and related activity with cryptocurrency transactions has offered new avenues for assailants to exploit regulatory gaps in payment relationships, enabling individuals to skirt long-standing supervision channels (Carnegie Endowment 2023). In addition, cryptocurrency platforms have come under heightened regulatory scrutiny given the relative opacity and decentralized structure of such platforms which make enforcement difficult (Cleary Gottlieb, 2023).

A notable problem in the context of offences against settlement relations is related to the exploitation of regulatory vacuum by participants in the clandestine economy. These holes create the possibility to move large sums across borders without alerting national authorities. This is a major concern for global enforcement bodies and regulators, for example the use of cryptocurrencies in sanctioned jurisdictions. For example, in a 2023 exchange four virtual currency entities entered into settlement agreements related to their dealings with sanctioned companies (MoFo, 2023). Such cases highlight the new challenges of regulating new forms of financial activity that operate outside existing settlement infrastructure.

Settlement relations and Geopolitical Factors

Geopolitical games also feed an increase in violations of peaceful settlements, particularly in the era of new sanctions and trade wars. Russia invades Ukraine 2022 –> Sanctions applied to Russia. Nevertheless, already many countries, such as Russia, have resorted to using different currencies such as the Chinese renminbi instead of the U.S. dollar or euro in order to bypass U.S. and European Central Bank restrictions (2023). What they have done responds to the fact that geopolitical fragmentation redraws its own lines of

settlement relations in the rise of parallel financial systems both within and outside traditional international institutions (Tamar den Besten et al., 2023).

At the same time, states have continued to further sanction international trade relations — weaponizing tariffs and using trade strategies for geopolitical maneuvering. Industrial strategies and import barriers pursued by large economies such as the United States and the EU have made this trend worse, as they tend to prioritize national gains over multilateral benefits. The politicization of trade, meanwhile, has been on the rise which further drives offenses in settlement relations and particularly apparent in sectors such as energy and cryptocurrency that are often times less strictly regulated or fragmented (German Law Journal 2023).

Legal and Policy Responses

Evolving legal framework Settlement relationships within the secret economy are not static, with global Institutions looking to close regulations voids. Steps to improve transparency and cooperation between countries are being taken to deal with more sophisticated offenses. Cryptocurrency has led many countries to imposed new laws regarding blockchain transactions. Meanwhile, arbitration conflicts involving cryptocurrency have increased as companies struggle to navigate the murky legal territory regarding digital assets (Cleary Gottlieb, 2023).

However, there are still obstacles to overcome, such as enforcement issues and compliance across decentralized networks. The proliferation of investor-state disputes, in evermore novel policy areas (e.g., renewable energy or cryptocurrency), has only heightened the necessity for institutions which could straddle public law, international methodology and traditional financial transactions (BBC News, 2021).

2. Materials and Methods

A credit card is a payment card, usually issued by a bank, allowing its users to purchase goods or services, or withdraw cash, on credit. Using the card thus accrues debt that has to be repaid later. Credit cards are one of the most widely used forms of payment across the world.

The essence of the settlement letter of credit is that the payer instructs his bank to make the payment at the location of the supplier of goods. In this type of calculation, the following is performed:

1. The buyer applies to the bank serving him through an application to open a letter of credit, for which he transfers a certain amount to the depositor;
2. The buyer's bank opens a letter of credit by booking the funds in the "letter of credit" number, in such a case, the money is deducted from the account or loan number of the buyer;
3. The buyer's bank informs the product supplier's bank about the opening of the letter of credit and its conditions, and this bank, in turn, informs the product supplier about it. The fact of opening a letter of credit at the buyer's bank is reflected in the balance sheet "letters of credit" of the product supplier's bank; the condition of the letter of credit, that is, the condition of payment of money, is usually the presentation of a document of the supplier of the product regarding the increase of the goods. Other conditions may be specified in the contract;
4. The product supplier submits a document stating that the terms of the contract have been fulfilled to the bank serving him, then the bank transfers the amount to be transferred to his account from the buyer, that is, the letter of credit provider;

5. The supplier's bank presents documents (debit note) about the transfer of money to the buyer's bank;
6. After receiving the document, the buyer's bank makes a payment from the "letter of credit" scheme and thereby cancels the debt that should be given to the bank of the product supplier.

3. Results

A distinctive feature of letters of credit is that it is not done at the address of the buyer, but at the place of the product supplier, as in the case of settlement with payment orders and payment requests. The letter of credit form of settlement guarantees the buyer's payment to the product supplier by pre-depositing a certain amount of money in the bank.

This form of calculation did not spread widely due to certain shortcomings. These disadvantages include: firstly, the possibility of extending cargo turnover for certain periods; secondly, the depositing of money payers to put their funds on a letter of credit slows down the circulation of money and may cause temporary financial difficulties. As a guaranteed form of settlement, the letter of credit is convenient for product suppliers when settling with payers who do not observe financial discipline or have unknown solvency.

At the same time, the letter of credit is more convenient for the payer than the transfer of money in advance, because various extortions are allowed during the transfer of money in advance. The practice of law enforcement agencies shows that there are frequent cases of illegal behavior even when the letter of credit settlement is being implemented. When using a letter of credit, the money is transferred to the bank of the product supplier, and the receiver can receive the money if certain conditions are met (usually, when a document on the increase of the goods is shown) leads to such violations. Fraudsters present false documents to the bank about the goods being loaded or other terms of the letter of credit and disappear with the money.

For example, a check completed to the end is presented to the bank, which accepts the check and makes the appropriate payment. But the next day, the criminals claim that the contract has been canceled and demand the return of the check from the bank. The bank writes a genuine check instead of the previous fake check because it has made certain checks on this transaction.

Among the crimes that occur in the field of settlement relations, using credit cards, illegal appropriation of other people's property often occurs. Plastic cards are currently one of the most common means of payment in the world. They are intended to pay for purchased goods, performed work, rendered services from their own bank account. They mainly come in two forms: credit and debit cards. Credit cards provide a credit limit in the amount of a pre-agreed amount for a certain period of time. debit card provides that the customer who receives it will deposit a certain amount of money to his account number in the bank and in the future will spend within this amount.

Credit cards are made of plastic and have certain dimensions. Each card has its own number, and the owner's name and expiration date are shown on it. On the back side of the card there is a highly sensitive magnetic tape, the data and the owner's personal signature are read using a special electronic device. For example, foreign companies (Visa, Mastercard, American Express, etc.) issue credit cards to customers who have bank accounts. This allows them to make loan payments for goods and services from the money of the company that owns the card. The company that is the owner of the card then provides the settlement money to the client that is the owner of the card for payment. He, in turn, pays this amount or, if there are certain valid reasons, he can refuse to pay.

If the client is unable to pay, if the card is lost or stolen, the companies (banks) include such card (illegal cards) in the list of "stop lists". This list is compiled by region (Europe, Africa, North America, CIS, etc.).

The presence of cards in such a list will cause a lot of damage to companies (banks). That's why in some cases they don't enter the cards in the relevant areas, but write them in the areas that are used more in the criminal way. The company (bank) compiles the list and sends it to local agents for information. From the moment of receipt of this list, the responsibility according to the agreement and the corresponding damage caused by the misuse of the credit card shall be borne by the institution that accepted them.

Credit cards are the personal property of the issuing company or bank-issuing company, which gives it (the legal owner whose name is written on the front of the card and the signature on the back of the card) the right to use it to purchase goods and pay for services.

It is stipulated in the contract concluded between the issuing bank and the card owner that the owner of the card does not transfer the right to use it to another person under any circumstances.

The credit card settlement system includes the following subjects of mutual relations: first, the issuing bank that issued the cards; secondly, the client using the card; thirdly, the subject (firm, company, etc.) that provides card services and settles with the client; fourthly, the account company that makes contact between the bank and the entity that provides services to the client.

Cards are very convenient for all market subjects. It is a way to attract funds for the bank, to reduce costs associated with transferring customers to cashless operations. This convenience makes it easier to provide services to customers in their own countries and abroad, and allows to get loans automatically.

When paying for goods (work, service), credit cards are inserted into special hardware-imprinters. Three account blanks (slips) are filled with relevant details. Slips are signed by the credit card holder. If the signature matches the sample signature on the credit card, the payment is considered to have been made.

Banks' relations with trading enterprises, that is, with their clients, are provided by accounting companies.

Processing of foreign plastic cards in Russia has been carried out by Inturservis, which has been working with cards since 1987. This organization started working as an agent of Visa, Eurocard companies. Visa began to accept Russian banks as its members from the end of 1988, and they began to issue cards of this company, and then credit cards of other companies.

Inturservis established United Credit Card Company in 1992 with Inpas LTD and other companies. This company controlled all credit cards. Then, in accordance with the agreement concluded with American Express on card transactions, its function was performed by the settlement center of American Express LTD (Russia).

Some financial institutions of Russia (Most-bank, Dialog bank, credit Moskva) created a closed Card center shareholder society for Eurocard-Mastercard credit cards, and later other settlement centers such as UNION card, STB. Settlement centers also provide services for authorization of the payment system (checking the existence of solvency).

When cards are presented for payment from places, credit card authorization operations are carried out by operators of settlement centers on the basis of telescope requests. All information received at the center is entered into computers for transfer to international payment systems. Requests are registered by operators by filling in standard forms.

Clearinghouses receive an authorization code from the payment system, that is, a response from the bank that issued the credit card.

The experience of foreign countries shows that criminal frauds are common in credit card payments. As a result of "electronic stalking", significant damage is caused to the subjects of these legal relations. For example, in the UK in 2023, such abuses caused losses in the amount of five hundred and eighty million pounds.

The US Chamber of Commerce estimates the value of credit card fraud in 2022 at \$32.34 billion, which is 13.8% more than in 2021. In particular, in 1992, the damage caused by the illegal use of plastic cards was more than one billion dollars, even if the damage caused by the incorrect use of ATMs is not taken into account.

Crimes related to credit cards can be conditionally divided into three groups:

- 1) illegal use of real credit cards;
- 2) fraudulent use of payment receipts;
- 3) using fake credit cards.

The first group includes actions that do not change or forge credit cards as means of payment. The following types of abuses included in this group can be noted: using or attempting to use cards written in the name of another person, and using them by the illegal owner in violation of the rights established by the law.

Using lost cards belongs to the first group of crimes. There are also cases where criminals steal cards and use their owner's name. If necessary, the code of the card holder or a fake ID is used.

Such thefts:

- a) When the company sends the card to the owner by post (in this case, there is a high probability of abuse. Because neither the sender nor the recipient of the card will immediately have information about its loss);
- b) Pickpockets, hotel staff and other categories of persons commit pickpockets when the card holders are in their country or abroad.

Lost or stolen credit cards are used to purchase goods and pay for services provided. These actions are carried out either in collusion with the employees of the trading enterprise, or through the cashiers of these enterprises, or in collusion with a third party. During such criminal activities, the signature of the card holder is forged and often fake documents are prepared and presented in the name of the card holder. In some cases, valuable property is purchased and the card is discarded without notifying its rightful owner.

Currently, credit cards are used to withdraw cash from ATMs in all regions of the country. In this regard, there are frequent cases of receiving cash for stolen and lost cards after knowing the personal code of the credit card owner.

Legal owners of credit cards can use them illegally in two ways. In the first case, the owner of the card, knowing that he has a small amount of currency in his account, abuses trust and tries to get an amount that exceeds the credit limit.

For example, a foreign citizen, having 3750 US dollars in his personal account, withdrew 110 thousand dollars from the bank of Russia through a credit card as a result of a technical error of a service employee, causing a great loss to the bank.

It should be noted that, in accordance with the rules of banking operations in the country where the citizen lives, the customer may receive more money than the amount specified in the credit card limit if the customer undertakes to make up for it later. However, this citizen received a large amount of US dollars, which does not correspond to the existing standards for giving cash (up to 50 thousand dollars). Therefore, if the issuer had received a request for the full amount of the amount, it would have been known that the requested amount was greater than the credit limit, and the credit card owner would have been refused authorization. The owner of the card, knowing this procedure and the amount in his account, illegally appropriated the funds.

Cases of illegal use of credit cards were recorded by the law enforcement bodies as follows. A foreign guest conspires with a Russian citizen and gives him a credit card to use at his discretion. The period of using the card is agreed with him in advance, and this period corresponds to the days of the foreign guest's stay in this country. Usually, the owner of the card submits an application stating that he has lost it while leaving the country. The process of using a Russian citizen's credit card is carried out by forging a foreign guest's identity card or by obtaining copies (signatures) of receipts filled in advance by the foreign guest.

The first group of abuses is close to the second group of criminal offenses and they are also based on the fraudulent use of slips. In this case, there may be the following options:

- employees of these institutions copy slips from forgotten cards in hotels, restaurants, and similar places, the card owner's signature is forged, and it is then used to obtain illegal goods and pay for services;
- the checks prepared in this regard are sold to other persons and they are presented to enterprises;
- without the permission of the owner of the credit card, not one, but several slips are copied from it, and according to it goods are received, fees are paid for services; this kind of behavior is usually done in restaurants.

In addition, there are cases of theft of imprinters (rental devices) in Russia. With its help, a fake slip is made, and then it is presented for receiving the goods.

The third group includes crimes such as the use of counterfeit plastic instruments or modified credit cards and completely forged cards.

Using credit cards with false information. New information will be added to this group of crimes, theft of means of payment and their details (number, name and surname of the owner, his signature, digital code on the magnetic track). This information is obtained from contracts concluded with companies, bank statements and their copies. Changes from credit cards are made in the following ways:

- a) cutting the letters and numbers engraved on the surface of the existing card using a blade, scalpel and pasting other information;
- b) forgery by means of heat; in this case, the plastic is "ironed" to lose the card information. This method appeared for the first time in 1980. Most credit cards are made of polyvinyl chloride material. This material becomes elastic under the influence of heat. To heat it, they use different heat sources: iron, candle, hot water, microwave oven, etc. The heated card is flattened. The fraudster removes the paint from the circles (numbers and letters) before heat treatment. Criminals have typewriters, with which letters and numbers are pressed into the plastic one after the other. Thus, instead of old characters, new ones are written on the card.

Since the procedure of counterfeiting cards is very expensive, only large organized criminal groups can do this. Another form of counterfeiting is the use of pure plastics - "white plastic crime". In this case, a pure, clean plastic in the form of a credit card is taken and real information (card number, period of circulation, name, etc.) is entered into it. Such cards are provided to store owners who work in cooperation with criminal groups. In this regard, store owners carry out fraudulent transactions with accounting companies. Most fake credit cards are manufactured overseas.

The classification of the above-mentioned crimes according to the organization and the mechanism of its implementation is as follows: the crime is committed by a single criminal or unorganized criminal groups; carried out by organized criminal groups.

The first group of crimes, in turn, can be systematized and studied according to the classification of nationality. On this basis, two directions are distinguished: a) crimes committed by residents, that is, citizens of the country; b) crimes committed by non-residents, that is, citizens of a foreign country.

Two types of crimes committed by citizens of foreign countries can be mentioned here. The first includes crimes committed by citizens of the former Soviet Union. When they go to foreign countries, they use credit cards and commit a crime, taking into account the weak points in this system, especially the fact that credit cards are just being used in the CIS countries, and many employees do not have the knowledge and experience of using them.

Criminals apply for lost cards in their new place of residence, and when they arrive in Russia, they demand to pay for the cards. They also use lost and stolen cards.

A semi-organized group usually consists of people who have obtained credit cards obtained by illegal means. Later, these persons involve trade enterprises (cashiers) in their criminal behavior. There are different ways to do this: to put pressure on cashiers and their relatives, to find malicious and self-interested persons.

It should also be noted that the members of such groups are familiar with the credit card settlement system. When various questions arise, when ambiguities arise, such persons behave very easily. For example, when they are asked for an identity card, they say "my ID is left in the car" and go in another direction.

The number of such a group does not exceed 2-4 people. In some cases, this group consists only of employees of a trading company. Many crimes are committed by such groups (approximately 40% of credit card fraud is committed by them).

The members of the organized criminal group have deep knowledge of the billing system, providing services through credit cards and demonstrate "high professional skills" in committing the crime. Each of the participants of such a group specializes in a certain "profession" - one in stealing credit cards, others in forging cards, etc. Each member of the group receives a certain percentage of the profit.

Two types of crimes committed by such groups can be noted: domestic organized groups and international organized groups. In the second group, in addition to the distribution of roles, the areas of crime are also divided.

4. Discussion

Global Evidence on Crimes in Settlement Transactions due to the Informal Sector

The shadow economy includes various forms of activity that are outside the formal regulatory framework, including such actions as tax evasion, money laundering, and unregulated cryptocurrency operations. These activities also commonly involve breaches of settlement relations, especially when parties bypass legal and financial limits created to prevent money laundering. Well-designed research in regions around the world recently revealed distinct ways these offences operate through different economies, and what enforcement is effective or not, as well as overarching implications for global trade.

Violations in the Area of Crypto-Currency Settlement Relations

The trend of infractions in the settlement relationships in order to solve the secret economy, and a problem that is prominently known example: Cryptocurrency. Because cryptocurrency transactions are commonly operated beyond the oversight of traditional banking systems, they are used for criminal activities such as money laundering and tax evasion. Besides that, cryptocurrencies transactions can be employed in territories where the international communities place sanctions. Illicit finance can be decentralized: Up to a

point, this is mere speculation every now and again, most notoriously in an April 2023 report by the U.S. Treasury (MoFo, 2023) on how cryptocurrencies were becoming the weapon of choice for dodgy financial practices, especially in countries subjected to global sanctions. Cryptocurrencies have been exploited by countries like North Korea and Iran to avoid financial penalties and illicit trade, adding another level of difficulty for enforcement.

Compliance in settlement relations is a problem not only for the traditional systems but also for decentralized financial (DeFi) markets, where all participants remain anonymous and no one has the absolute power to control that nothing illegal happens. Cryptocurrencies are employed as a covert means to conduct international business in the cryptosphere, to do business with nations that are under sanctions. Although the report recognized that some states are endeavoring to dedollarise, widespread use is being increasingly settled in cryptocurrencies among regions which lack full access to the global financial system (European Central Bank, 2023).

The growing use of cryptocurrency for improper financial transactions demonstrate the necessity for tougher regulatory systems. In response, certain countries have moved to impose a range of new rules affecting cryptocurrency exchanges in a bid to clean up the industry and ensure better transparency and accountability. For instance, U.S. regulatory authorities have taken enforcement actions against cryptocurrency companies that enabled transactions in sanctioned regions resulting in notable fines having to be paid by the companies (MoFo., 2023).

Settlements Relations and Geopolitics

Several evolving trends in global geopolitics i.e. sanctions and trade restrictions have profoundly informed settlement dynamics within the secret economy. This is best illustrated by place sanctions against Russia for invading Ukraine in 2022. As a result, Russia has been forced to observe settlement alternatives, such as using other than conventional currencies or direct forms of barter trade (European Central Bank, 2023). The increasing fragmentation of the global financial system has opened up some avenues for violations in settlement relations, especially in places that have been barred from international payment systems such as SWIFT.

One response of sanctions is an accelerating move away from the US dollar and toward the Chinese renminbi (Rmb) as part of a diversification, at least with respect to Russian international transactions, while the decreasing relevance even extends to other powers beyond in geostrategic pitting. Tamar den Besten et al. conducted a study (2023) Bitcoin and other cryptocurrencies, as well as local currency agreements are being used by countries to settle international trade especially during periods of economic sanctions. These have given rise to informal financial systems running in parallel to the traditional international system and which have been conducive for illegal currency exchange or punishable settlement relations.

In addition, the increased politicization of international trade relations has led to an increase in settlement-related offenses. On account of political meddling in trade, the study finds that informal shelter has developed significantly more pronounced where access to formal finance institutions is impeded (German Law Journal, 2023). In particular, energy-exporting countries in Latin America and the Middle East have resorted to increased use of informal settlement mechanisms (e.g., barter agreements) that enables them to skirt economic sanctions and remain operative for trade operations. Yet these informal settlement relations frequently exist in the interstices of legal and financial gaze, facilitating unrecorded financial transactions and regulatory violations.

Responses in Law and Policy towards Breaches in Relations within Settlement

Both activities are remarkably complex and thoroughly transnational, making them particularly difficult to stem. The struggle for adoption comes at the same time that the

enforcement of new regulations on financial transactions executed by global institutions (FATF) and national governments garners increased attention –specifically within decentralized frameworks. Choi and Beak (2028) discussed how international cooperation should be established in view of the new offenses committed from the increased number of settlement relations, through a report by Cleary Gottlieb (2033), on cryptocurrency and decentralised finance.

In addition, companies have faced off in a growing number of international arbitration disputes concerning cryptocurrency as they grapple with the uncertain legal status of virtual assets. The expansion of investor–state jurisdiction to areas like energy and cryptocurrencies only further highlights the necessity for a more consistent legal framework in handling disputes at the intersection of public policy, international law, and finance (Cleary Gottlieb 2023). Yet however hard it tries to regulate, the global authorities still have an almost impossible task thanks to cryptocurrency transactions that are anonymous and hidden relationships in an underground economy.

To synthesize, the findings in the current literature reveal multifaceted and dynamic offense-action processes, which co-occur undersecret economy settlement relations. Cryptocurrencies and Geopolitical Fragmentation The emergence of cryptocurrency and geopolitical fragmentation have combined to create more opportunities for illicit financial activities, while legal and regulatory responses remain challenged by the cross-jurisdictional and decentralized nature of these systems. As a silkscreen for the Fourth International Conference on Financing for Development in Addis Ababa is being prepared, ongoing research and policy reforms that enhance transparency and accountability in global financial transactions are needed, especially in those sectors where traditional regulatory mechanisms have mostly avoided scrutiny.

5. Conclusion and Recommendation

Although the growth of criminalization is observed in all spheres of economic activity, finance and, especially, the tax system remain the most criminogenic spheres. Despite the implemented measures, crimes detected in the tax, especially in the banking sector are increasing year by year at a high rate. The reason for this can be found in the absence of appropriate control over the movement of capital in the legislation, criminal responsibility for the legalization of criminal income is not fully defined.

One of the important reasons for the criminalization of economic relations can be said to be deformations in the economic sphere, disruption of the mechanism of formation of imbalances in the new market economy system based on private property.

Facts, it can be seen that the main sector of reforms has changed: the idea of a socially oriented market economy has changed to a criminalized market, to the side of criminal economic relations. In such circumstances, despite the determined efforts of law enforcement agencies, the Tax Crimes Department is unable to adequately deal with this danger in society. Economic and, especially, tax-related crimes in the CIS and foreign countries are manifested as a social system, and the result can be achieved only by conducting a systematic struggle against the system. In this regard, the function of the implementation of the program to fight against economic crime and the secret economy, which threatens the security of the country, which is its material basis, is put forward.

In the economy, under the influence of criminal structures, there are such qualitative changes that they indicate the transformation of the economic structure.

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