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### FEATURES OF LATENCY OF ECONOMIC CRIMES IN UKRAINE

**Людмила Рибальченко, Олександр Косиченко. ОСОБЛИВОСТІ ЛАТЕНТНОСТІ ЕКОНОМІЧНИХ ЗЛОЧИНІВ В УКРАЇНІ.** Розглянуто основні ознаки економічних злочинів в підприємницькій діяльності, які становлять загрозу економічній безпеці держави. Досліджено латентний характер злочинів економічної спрямованості, який обумовлює необхідність і пріоритет пошукової діяльності, в тому числі і в рамках оперативно-розшукових заходів. Виявлено, що шахрайство є явищем, яке формується складною взаємодією обставин економічного, психологічного та соціального порядку, в також тісно пов'язано з кіберзлочинністю. Досліджено методи їх виявлення, визначено основні напрямки щодо розкриття латентних злочинів в сфері регіональної економіки.

З'ясовано, що тіньова економіка є однією з основних складових, яка перешкоджає конкурентоспроможності, підвищенню рівня життя населення та економічному розвитку країни. Зростаючий рівень тіньової економіки відображає корупційну складову державних органів, рівень злочинів в економічній та політичній сферах. Процеси, що відбуваються в сфері фінансово-економічних відносин, призводять до того, що держава все більше втрачає контроль над економікою і сферою фінансів.

На сьогоднішній день, найбільш поширеними видами економічних злочинів та шахрайства є незаконне привласнення майна, шахрайство у сфері закупівель, шахрайство у сфері управління персоналом та кіберзлочини, які пов'язані з економічною діяльністю. Україна в усьому світі вважається однією із самих проблемних країн у сфері кіберзлочинів. Хоча українські організації застосовують сучасні інформаційні технології і методи для виявлення шахрайства та його моніторингу, але все ж таки вони відстають від інших країн світу.

Незважаючи на збільшення витрат на боротьбу з економічними злочинами та шахрайством, багато українських організацій все ще не проводили профілактику шахрайства, а лише реагують або захищаються при наявності факту шахрайства. Високий ризик економічних злочинів чи шахрайства вказує на те, що необхідно протидіяти і вживати ефективніші заходи протидії шахрайству, поки воно не стало системним.

**Ключові слова:** економічні злочини, безпека підприємництва, мінімізація економіки, шахрайство, кіберзлочини, латентність економічних злочинів, загроза економічній безпеці.

**Problem statement.** Providing of economic security is an important constituent on the way of development and becoming of the state. Especially actual are threats of criminal character in the sphere of regional economy, where traditionally a swindle, appropriation and peculation, illegal enterprise, criminal bankruptcies, tax crimes etc., behave to the crimes of economic orientation. Characterizing criminality in an economic sphere, it is necessary to mark about its high degree of latents. Latent character of crimes of economic orientation stipulates a necessity and priority of searching activity, including within the framework of operational search events.

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Establishment of fact of violation of legal interests, for example, at plundering of the state budget a task is near-term in the sphere of counteraction to the economic crimes, and their exposure or exposure of their signs is not only the task of the state in the person of her organs but also necessary measure in relation to providing of safety for the different subjects of economic activity.

**Analysis of publications that started solving this problem.** A financial swindle was investigated as home as foreign scientists: A. Volobuev, O. Dolzhenkov, I. Kozachenko, D. Nikiforchuk, M. Shumilo et al. V. Glushkov, O. Kopan, O. Kostenko, M. Miller, V. Shakun et al, investigate the problems of economic criminality.

The aim of work is to research of growing threat to economic security of country in a fight against economic crimes and swindle and consideration of events on counteraction to the economic crimes and swindle, what organizations can apply, to show a swindle out of shade.

**The article's objective.** One of the most pressing problems of our time that creates the real threat of realization of the economic converting into Ukraine, the factor of social destabilization is a proof increase of criminal displays in the field of economics, increase in the structure of economic criminality of part of grave crimes, excrescence of the organized crime and corruption.

**Basic content.** The shadow economy is one of the main components that hinder competitiveness, raising the standard of living and economic development of Ukraine. The level of the shadow economy reflects the corruption component of government bodies, the level of crime in the economic and political spheres. The objective reality is that neither society nor the state can ensure proper registration of the crime.

Therefore, latent crime today has the following types: natural, artificial, hidden and unknown. Hidden (latent) crimes in the economic sphere, as well as crime in general, have a negative impact on the economy of the country; impede the development of foreign economic relations, the dynamics of joint economic activity, and the flow of foreign investment. In terms of damage, a particular group of economic crimes is the abuse of credit and monetary relations.

The processes taking place in the sphere of financial and economic relations lead to the fact that the state is increasingly losing control over the economy and the sphere of finances. According to the World Economic Crime and Fraud Survey in 2018, 48% of Ukrainian organizations were affected by economic crime and fraud cases (in 2016 – 43%). For comparison, the global average of economic crimes is 49%. Bribery and corruption remain a major economic crime for many years, with a negative impact of 73% of Ukrainian victims.

By far, the most common types of economic crime and fraud are: misappropriation of property, procurement fraud, personnel management fraud and cybercrime related to economic activity. Ukraine is considered one of the most problematic countries in the field of cybercrime worldwide.

With the development of modern information technologies, on the one hand, they act as a threat to the organization, on the other they become its means of protection. Although Ukrainian organizations use modern information technologies and methods to detect and monitor fraud, they are still lagging behind the rest of the world. Many domestic organizations are not yet sufficiently protected against cyber attacks. Only one third of organizations in Ukraine have been found to have a cyber defense program.

From 2016 to 2018, the share of bribery and corruption in Ukrainian enterprises increased from 56% to 73%. Comparing the value of this indicator with the global level of bribery and corruption, it is almost three times less than in 2018 in Ukraine and is 25%. Only the proportion of misappropriated property has declined, and all other economic crimes have increased, including fraud in personnel management from 4% in 2016 to 33% in 2018.

In 2018, 56% of fraud cases were committed by employees of the organization and belonged to their senior management (in 2016, there were 27%), 36% of cases were committed by a third party (that is, agents, suppliers and clients with whom the organization has regular and profitable 8% abstained. In 70% of the employees, the main reason that prompted them to commit fraud was the ability to commit fraud, meaning there was no fraud protection. 33% of employees received a bribe for fraud [1].

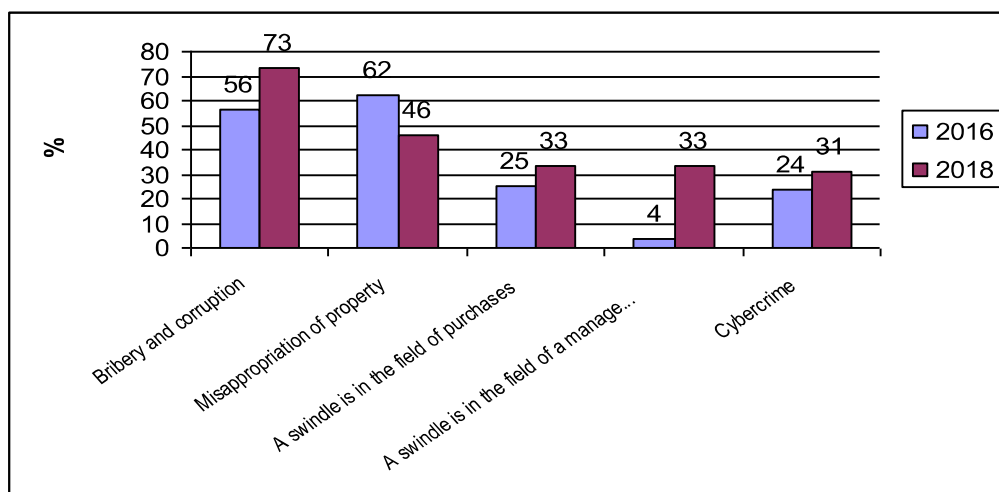


Fig. 1. Economic crimes at Ukrainian enterprises

Reduction of cases of misappropriation of property in 2018 is a consequence of the effectiveness of strengthening control in domestic organizations and increasing the funds for its prevention (Fig. 1).

Every third domestic organization received a bribe offer (33%). Of concern is the fact that 23% of organizations predict that bribery and corruption, among other types of economic crime and fraud, will be the largest of all financial losses.

According to the Corruption Perceptions Index 2018, Ukraine has improved its performance by 32 points and ranked 120th out of 180 countries (in 2017 – 30 points, 130th) (Fig. 2). Among its neighbors, Ukraine managed to bypass only Russia, which ranks 138th with 28 points, Poland – 60, Slovakia – 50, Romania – 47, Hungary – 46, Belarus – 44, Moldova – 33 points [2]. In 2019, Ukraine has lost its position and is already 123rd on this indicator.

External fraud is carried out at the enterprise by contractors or third parties, and internal fraud is carried out by employees of the enterprise itself. Internal fraud has a greater impact on the business, given the loss of reputation and clients where they are being stolen. In 2018, 33% of Ukrainian organizations have experienced procurement fraud, which is 11% more than in the world. This phenomenon can be explained by the inefficient choice of suppliers with whom contracts for payment for their goods and services are concluded.

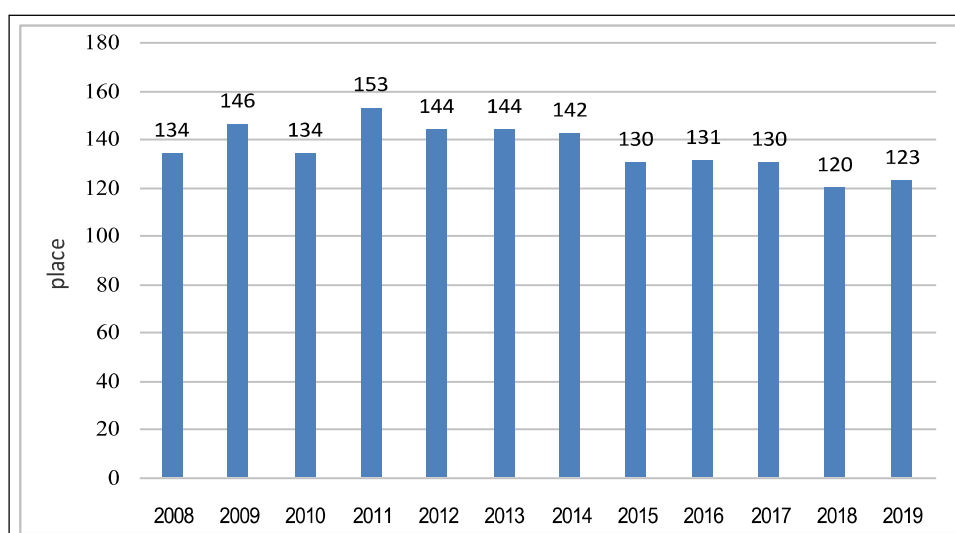


Fig. 2. Ukraine's place in the international corruption perception rating

The number of cybercrime related to economic activity is increasing every year and carries a high risk for both commercial and public sector organizations. The rise in this crime from 24% in 2016 to 31% in 2018 indicates new threats to organizations with advanced information

technology technologies, including malware, phishing, network scanning, and password-picking (such as "brute force" "based on a complete batch). It is this type of economic crime that needs to be given the utmost attention to reduce the effects of cybercrime.

Despite the increasing cost of combating economic crime and fraud, many Ukrainian organizations have not yet implemented fraud prevention, only responding or defending them in the presence of fraud.

The high risk of economic crime or fraud indicates that it is necessary to counteract and take more effective anti-fraud measures until it becomes systemic.

Cyber attacks have become widespread worldwide. Organizations and governments around the world suffer from cyber-attacks by state-sponsored hackers for political or ideological reasons and committed by terrorist organizations.

The consequence of cyber attacks is: breach of government activity, theft of personal data and intellectual property, the collection of information on the structure of information systems and software, the acquisition of data for remote access to important infrastructure.

The major economic crimes and frauds that organizations suffer from as a result of cyber attacks include: breach of business processes (51%), extortion (38%), infringement of intellectual property rights (19%), attacks with a political motive (19%), misappropriation property (13%), insider attack (4%). The most common cyber attack technologies are: malware (35%), phishing (13%), network scanning (5%), password attack (5%), and middleman attack (3%) [1].

In order to overcome the systemic problem of fraud committed by top management of organizations, it is necessary to develop control mechanisms that take into account the possibility that the management will be able to circumvent them, or to collude in one direction or another. Fraud is the result of the intersection of a person's personal choices with a disruption of the organization's systems and controls, so it is crucial to remember that a sense of security is often misleading.

**Conclusions.** Detecting and preventing economic crime or fraud is a complex task that requires finding a balanced set of measures that involves technology and human resources, and build on a clear understanding of the incentives for fraud and the circumstances under which it is committed.

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#### **Summary**

The article deals with the main features of economic crimes in entrepreneurial activity, which threatens the economic security of the state. The latent nature of crimes of economic orientation is investigated, which determines the necessity and priority of search activity, including in the framework of operational-search activities. It is revealed that fraud is a phenomenon that is formed by a complex interaction of the circumstances of economic, psychological and social order, and is also closely related to cybercrime. The methods of their detection are investigated, the main directions of disclosure of latent crimes in the field of regional economy are determined.

**Keywords:** *economic crimes, business security, shadow economy, fraud, cybercrime, latency of economic crimes, threat to economic security.*