

## РОЗДІЛ III

### Фінанси, банківська справа та страхування

УДК 336.71:005.334

Olena Kuzmak,  
Doctor of Economic Sciences, Professor,  
Lutsk National Technical University,  
Lutsk, Ukraine;  
ORCID ID 0000-0003-0394-0981  
e-mail: [kuzmakolena3007@gmail.com](mailto:kuzmakolena3007@gmail.com)

<https://doi.org/10.29038/2786-4618-2025-02-59-65>

#### FINANCIAL COMPLIANCE AS A TOOL FOR MINIMIZING RISKS IN THE ACTIVITIES OF FINANCIAL INSTITUTIONS IN THE CONTEXT OF EUROPEAN INTEGRATION: THE CASE OF UKRAINE

**Introduction.** In the context of Ukraine's strategic course toward European integration, ensuring transparency, accountability, and effective regulation in the financial sector has become increasingly vital. Banking and non-banking institutions face growing challenges related to fraud prevention, anti-money laundering, and compliance with international standards. As Ukraine adapts its legislation and practices to align with the EU acquis, financial compliance is gaining importance as a mechanism to strengthen institutional integrity and minimize risks.

**Aim.** The primary objective of this study is to explore the role of financial compliance as an effective tool for minimizing legal, financial, and reputational risks in Ukraine's financial sector, with a specific emphasis on aligning national practices with European Union standards and directives.

**Methods.** The research employs theoretical, analytical, and comparative legal methods. Ukrainian legal acts are analyzed alongside key EU regulatory frameworks, including the Fifth Anti-Money Laundering Directive (AMLD5). Case studies from selected EU member states are used to identify best practices and assess their applicability in Ukraine.

**Results.** The analysis reveals that while Ukraine has made significant progress in updating its compliance framework, systemic challenges persist. These include regulatory ambiguity, weak institutional capacity, a shortage of qualified compliance officers, and underdeveloped compliance cultures in financial institutions. In contrast, EU countries demonstrate the effectiveness of operationally independent compliance departments, clear legal mandates, and regular professional training.

**Conclusions.** To enhance financial sector resilience and successfully implement EU compliance standards, Ukraine must adopt a comprehensive strategy that includes legal harmonization, developing a compliance infrastructure, and promoting ethical business practices. A robust compliance culture, supported by well-trained professionals and strong institutional frameworks, is essential for sustainable integration into the EU's financial and legal space.

**Keywords:** financial compliance, risk management, EU integration, financial institutions, Ukraine, AML Directive, European best practices, legal harmonization

Кузьмак Олена,  
доктор економічних наук, професор,  
Луцький національний технічний університет,  
м. Луцьк, Україна

## ФІНАНСОВИЙ КОМПЛАЄНС ЯК ІНСТРУМЕНТ МІНІМІЗАЦІЇ РИЗИКІВ У ДІЯЛЬНОСТІ ФІНАНСОВИХ УСТАНОВ В УМОВАХ ЄВРОІНТЕГРАЦІЇ (НА ПРИКЛАДІ УКРАЇНИ)

**Вступ.** В умовах поглиблення євроінтеграційних процесів в Україні все більшої актуальності набуває впровадження стандартів фінансової прозорості та доброчесності, що є ключовими вимогами Європейського Союзу до країн-кандидатів на вступ. З огляду на високий рівень загроз для фінансової безпеки, зокрема відмивання коштів, шахрайства та фінансування тероризму, особливу роль відіграє система фінансового комплаєнсу. Комплаєнс виступає як ефективний інструмент управління ризиками, що дає змогу забезпечити дотримання нормативних вимог, внутрішніх процедур і етичних стандартів у діяльності фінансових установ.

**Мета.** Метою дослідження є аналіз ролі фінансового комплаєнсу як механізму мінімізації правових, операційних, фінансових та репутаційних ризиків у діяльності банків та інших фінансових установ України в умовах адаптації до європейських регуляторних вимог.

**Методи.** У дослідженні застосовано міждисциплінарний підхід із використанням методів аналізу нормативно-правових актів України та Європейського Союзу, компаративного аналізу, системного й структурно-функціонального аналізу. Проведено огляд п'ятої директиви ЄС з протидії відмиванню коштів (AMLD5) та вивчено практику комплаєнс-політики у провідних країнах ЄС: Німеччині, Польщі, Нідерландах, Великій Британії.

**Результати.** З'ясовано, що в Україні спостерігається поступове формування нормативної бази комплаєнсу, однак її реалізація стикається з низкою проблем: відсутністю єдиних стандартів, слабкою інституційною спроможністю, нестачею кваліфікованих фахівців. У країнах ЄС комплаєнс має вищий рівень інституційного розвитку завдяки чітко визначеним повноваженням комплаєнс-офіцерів, незалежності відповідних підрозділів і ефективному контролю з боку наглядових органів.

**Висновки.** Для підвищення ефективності фінансового комплаєнсу в Україні необхідно удосконалити нормативне регулювання, запровадити систему підготовки та сертифікації комплаєнс-фахівців, посилити наглядові механізми та сприяти розвитку внутрішньої комплаєнс-культури. Це сприятиме зниженню рівня фінансових злочинів і посиленню довіри до фінансової системи України в контексті її євроінтеграційних прагнень.

**Ключові слова:** фінансовий комплаєнс, управління ризиками, нормативне регулювання, банки України, AML/CFT, Європейський Союз.

**JEL Classification:** F51, O10, H56, P36

**Introduction.** In the current conditions of Ukraine's integration into the European legal and economic space, the key task of the financial sector is to ensure transparency, compliance with regulatory requirements, and effective risk management. Financial compliance is gaining particular relevance as a tool for identifying, preventing, and minimizing financial, legal, and reputational risks in the activities of banking and non-banking financial institutions. In the context of harmonizing Ukrainian legislation with European Union norms, strengthening requirements for compliance systems necessitates a deep rethinking of approaches to risk management, internal control, and regulatory supervision. Adapting to European compliance standards involves not only the implementation of new procedures, policies, and technological solutions but also the formation of an appropriate compliance culture within financial institutions. At the same time, the issues of professional training for personnel, institutional capacity for supervision, and the role of state bodies in creating a favorable regulatory and legal environment remain important.

**The purpose of this article** is to explore the essence of financial compliance as a mechanism for minimizing risks, analyze the challenges facing the financial sector of Ukraine in the context of European integration, and outline the prospects for adapting the domestic compliance system to the EU requirements.

**Problem Statement.** In the current conditions of globalized financial markets and Ukraine's active integration into the European legal space, the issue of effective risk management in the banking and financial sectors has become particularly relevant. One of the key tools for ensuring the stability, transparency, and reliability of financial institutions is the financial compliance system, which is a part of the overall internal control system and aims to adhere to legislative, regulatory, and ethical standards.

At the same time, the Ukrainian financial system faces several challenges related to the insufficient implementation of European norms, instability in the regulatory environment, limited resources of financial institutions, and a low level of compliance culture. This complicates the process of adapting compliance functions to EU standards, particularly in the context of combating money laundering, financing terrorism, ensuring transparency of operations, and protecting the rights of financial services consumers.

Thus, there is a need for a comprehensive study of financial compliance as a risk-minimization tool, an analysis of the main barriers to its effective implementation in Ukraine, and an exploration of European approaches that can be adapted, taking into account national specifics.

**Analysis of recent research and publications.** In foreign financial literature, unlike Ukrainian scientific publications, much more attention is paid to research on the aspect of financial compliance. The author Adams, G., considers compliance as regulatory risk management and analyzes the main stages of building an effective system in a company [1]. Thus, the authors Ameyaw, M. N., Idemudia, C., & Iyelolu, T. V. note that financial compliance involves compliance with external regulatory requirements and internal policies to prevent fraud, strengthen transparency and trust in the company [2]. Other authors Teichmann, F., & Wittmann, C. In their study, they indicated that the culture of compliance should be based on internally accepted values, and not only on the fear of punishment. This contributes to sustainable compliance without "compliance fatigue" [3].

**Highlighting previously unresolved parts of the overall problem.** In the current conditions of globalization of financial markets and active European integration of Ukraine, the issue of effective risk management in the financial sector is becoming particularly relevant. One of the key tools for ensuring stability, transparency, and responsibility of financial institutions is financial compliance - a system of measures aimed at compliance with legislative, regulatory, and ethical standards. However, despite the importance of compliance functions, Ukrainian financial institutions face several challenges in the process of their implementation. In particular, this concerns the fragmentation of legal regulation, the lack of qualified personnel, an insufficiently developed compliance culture, and limited resources for the implementation of modern control mechanisms.

Despite the existence of some scientific research in this area, many important aspects remain insufficiently developed. In particular, detailed analysis is required of the mechanisms for harmonizing national legislation with EU norms, adapting European approaches to the specifics of the Ukrainian financial environment, practical difficulties in implementing compliance programs in banking and non-banking institutions, as well as assessing the effectiveness of existing compliance tools. No less important is the issue of forming an appropriate corporate culture based on the principles of transparency, accountability, and zero tolerance for violations. All this necessitates a comprehensive study of financial compliance as a tool for minimizing risks and developing practical recommendations for its effective adaptation to European Union standards.

**Presentation of the main material.** In the current conditions of globalization and increasing financial challenges, the formation of an effective financial compliance system is of particular relevance. This tool allows for the timely identification, assessment, and minimization of risks associated with illegal financial transactions, non-compliance with legislative requirements, as well as a decrease in trust from international partners. In Ukraine, the legislative basis for the functioning of compliance systems is determined by the Law of Ukraine "On Prevention and Counteraction to the Legalization (Laundering) of Proceeds of Crime..." No. 361-IX, which provides for the mandatory development of internal financial monitoring policies in primary financial monitoring entities (PFMs), including banks, insurance companies, credit unions, and other non-banking institutions [4]. At the EU level, the key guideline is the Fifth EU Anti-Money Laundering Directive (Directive (EU) 2018/843), which sets out requirements for transparency of ownership structure, registration of beneficiaries, application of enhanced risk measures, etc. [5,6]. To adapt these requirements in Ukraine during 2020–2023, significant changes were made to the regulatory framework, in particular, the requirements for risk management programs and customer verification mechanisms (KYC – Know Your Customer) were updated [7].

In the European Union countries, several effective approaches to forming a compliance culture have been implemented, which can be adapted in the Ukrainian context. According to FATF recommendations and EU directives, financial institutions must independently identify risks and adapt their compliance

policies to them [8]. For example, in Germany, the supervisory authority BaFin provides detailed instructions for each type of institution, considering their risks [9]. In the United Kingdom and the Netherlands, compliance units operate as independent structures that report directly to supervisory boards, which ensures their objectivity and effectiveness [10]. European countries are actively implementing mandatory training modules, personnel certification, and regular audits of internal procedures to ensure a high level of compliance culture. After joining the EU, Poland harmonized its legislation by European directives, created an independent financial supervision institution (KNF), and introduced a digital platform for centralized monitoring of suspicious transactions [11]. These examples demonstrate the effectiveness of a comprehensive approach to implementing a compliance culture, which includes the regulatory framework, organizational structure, and educational measures. Ukraine can take this experience into account to improve the effectiveness of its financial compliance system.

The relevance of implementing compliance systems in Ukraine is due to both the internal needs of reforming the financial sector and external pressure, in particular, from international institutions that assess the level of transparency and integrity of the Ukrainian economy. In the process of European integration, financial compliance is considered an integral part of harmonizing the regulatory framework with the requirements of the European Union. However, the implementation of European standards in the field of financial compliance is accompanied by several challenges. Among them are the shortage of compliance specialists, the low level of awareness of company managers about the importance of compliance requirements, insufficient digitalization of monitoring and control processes. A significant barrier remains the fragmentation of the legislative framework, which complicates its adaptation to the requirements of European regulations. Despite the existing difficulties, the prospects for the development of financial compliance in Ukraine are positive. The number of initiatives by government agencies, businesses, and the public sector aimed at strengthening the culture of compliance is increasing. Access to training in the field of compliance is expanding, in particular within the framework of EU-funded educational and research programs.

*Table 1*

**Cases of financial compliance implementation in Ukrainian banks\***

Bank	Context	Compliance initiatives/tools	Results
PrivatBank	The largest bank in Ukraine is actively modernizing its internal control system	AML monitoring, transaction blocking, annual audit	Increased trust, fewer complaints
Oschadbank	State Bank harmonizes activities with EU requirements	Regulatory compliance unit, sanctions lists, conflicts of interest	Positive assessment by auditors, avoidance of sanction violations
PUMB	Commercial bank implementing RegTech solutions	AI for anomaly detection, internal complaint portal, veto power	Rapid fraud detection, reduced incidents
Universal Bank	Mobile banking platform focuses on digital compliance	Automatic verification of funds, biometrics, and automatic reporting	Fast onboarding, no-interference KYC compliance

\*developed by the author based on [12,13,14,15].

Successful adaptation to EU standards is possible with a comprehensive approach: updating the regulatory framework, developing internal company policies, improving employee skills, and implementing digital solutions for monitoring financial risks. Of particular importance is the creation of partnership platforms for exchanging experience and implementing best practices in the field of financial responsibility. Financial compliance acts not only as a barrier to financial irregularities but also as a tool for long-term stability, transparency, and trust. Its development is a key factor in increasing the competitiveness of the Ukrainian financial sector and its integration into the European economic space.

In the context of a full-scale war, the relevance of transparency and accountability in the financial sector only increases, especially in terms of control over international financial assistance, grants, and concessional loans coming to Ukraine. Effective compliance becomes not only a tool for minimizing risks, but also a key condition for trust from partners.

Table 2

**Problems and challenges of implementing financial compliance in Ukraine**

№	Problem	Reasons	Consequences	Possible solutions
1	Formal approach to compliance	Lack of understanding of its importance among management, lack of compliance culture	Superficial inspections, inefficiency of procedures, and high risk of fines	Conducting trainings, engaging independent auditors, and KPIs for compliance services
2	Unstable regulatory framework	Frequent changes in requirements from the NBU, State Tax Service, and State Financial Monitoring Service	Complicated internal procedures, increased adaptation costs	Implementation of flexible RegTech systems, participation of banks in the formation of regulatory policy
3	Shortage of qualified personnel	Narrow specialization, lack of practical training programs	Low quality of monitoring and risk assessment	Certification support (ACAMS, ICA), cooperation with universities
4	Fragmentation of control systems	Lack of unified standards in banks	Gaps in control, duplication of processes	Unification of compliance policies, creation of a centralized model
5	Resistance to automation	Fear of losing control or cutting employees	Inefficient use of resources, errors in detecting violations	Creation of RegTech platforms, training of personnel on digital solutions
6	Low trust in regulators	Corruption risks, lack of transparency in supervision	Imitation of compliance with norms instead of real implementation	Digitalization of inspections, transparent feedback between the NBU and banks

**Conclusions.** In the process of Ukraine's integration into the European legal and financial space, financial compliance is gaining critical importance as a tool to ensure stability, transparency, and legality of the activities of banking and non-banking financial institutions. The study confirms that an effective compliance system helps to minimize financial, legal, and reputational risks, as well as build trust in the financial system of Ukraine from both domestic consumers and international partners. Ukraine has already taken several important steps towards harmonizing its legislation with EU requirements, in particular in the field of combating money laundering and terrorist financing. At the same time, significant challenges remain on the path to full adaptation, including: fragmentation of the regulatory framework, lack of qualified personnel, insufficient level of digitalization of compliance processes, as well as an underdeveloped culture of adherence to ethical standards in financial institutions. European experience demonstrates the effectiveness of a comprehensive approach to implementing a compliance culture through legislative reforms, institutional independence of compliance functions, mandatory staff training, and constant risk monitoring. This experience can be successfully adapted to Ukrainian conditions, taking into account national specifics. Therefore, to achieve compliance with European standards, the Ukrainian financial sector should focus on further developing regulatory infrastructure, investing in human capital, and implementing

technological solutions in the field of compliance. Only with a systemic approach can compliance become an effective tool for transforming the Ukrainian financial system towards transparency, responsibility, and sustainability.

#### References (in original language)

1. Adams, G. What is compliance? // *Journal of Financial Regulation and Compliance*. – 1994. – Vol. 2, No. 4. – P. 278–285. [Electronic resource]. - DOI: [10.1108/eb024816](https://doi.org/10.1108/eb024816) - (Accessed: 01.05.2025).
2. Ameyaw, M. N., Idemudia, C., & Iyelolu, T. V. (2024). Financial compliance as a pillar of corporate integrity: A thorough analysis of fraud prevention. *Finance & Accounting Research Journal*. [Electronic resource]. - URL: <https://fepbl.com/index.php/farj/article/view/1271> - (Accessed: 01.05.2025)
3. Teichmann, F., & Wittmann, C. (2022). Compliance cultures and the role of financial incentives. *Journal of Financial Crime*. [Electronic resource]. – URL: <https://www.emerald.com/insight/content/doi/10.1108/jfc-06-2022-0135/full/html> (Accessed: 01.05.2025).
4. Закон України «Про запобігання та протидію легалізації (відмиванню) доходів, одержаних злочинним шляхом, фінансуванню тероризму та фінансуванню розповсюдження зброї масового знищення» № 361-IX від 06.12.2019 р. [Електронний ресурс]. – Режим доступу: <https://zakon.rada.gov.ua/laws/show/361-20> – Дата звернення: 01.05.2025.
5. Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 on the prevention of the use of the financial system for money laundering or terrorist financing // *Official Journal of the European Union*. – [Electronic resource]. – URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018L0843> – (Accessed: 01.05.2025).
6. Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing // *Official Journal of the European Union*. – [Electronic resource]. – Access mode: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015L0849> – (Accessed: 01.05.2025).
7. Національний банк України. Огляд небанківського фінансового сектору. IV квартал 2023 року [Електронний ресурс]. – Режим доступу: <https://bank.gov.ua/ua/news/all/oglyad-nebankivskogo-finsanovogo-sektoru-za-IV-kvartal-2023-roku> (дата звернення: 01.05.2025).
8. FATF. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations. Paris: FATF, 2023. URL: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html> (Accessed: 01.05.2025).
9. Federal Financial Supervisory Authority (BaFin). Risk-based approach guidelines for obliged institutions. BaFin, 2022. URL: <https://www.bafin.de> (Accessed: 01.05.2025).
10. Financial Conduct Authority (UK). FCA Compliance Handbook. London, 2023. URL: <https://www.fca.org.uk> (Accessed: 01.05.2025).
11. Polish Financial Supervision Authority (KNF). Annual Report 2022. Warsaw, 2023. URL: <https://www.knf.gov.pl> (Accessed: 01.05.2025).
12. ПриватБанк – офіційний сайт. Розділ «Боротьба з відмиванням коштів (AML)» [Електронний ресурс]. – Режим доступу: <https://privatbank.ua/ru/business/aml> – Дата звернення: 01.05.2025.
13. Ощадбанк – офіційний сайт. Розділ «Протидія легалізації доходів, одержаних злочинним шляхом» [Електронний ресурс]. – Режим доступу: <https://www.oschadbank.ua> – Дата звернення: 01.05.2025.
14. Монобанк – офіційний сайт. Розділ «Security» [Електронний ресурс]. Режим доступу: <https://monobank.ua/en/security> - Дата звернення: 01.05.2025.
15. ПУМБ - офіційний сайт. [Електронний ресурс]. Режим доступу: <https://www.pumb.ua/> - Дата звернення: 01.05.2025.

#### References

1. Adams, G. What is compliance? // *Journal of Financial Regulation and Compliance*. – 1994. – Vol. 2, No. 4. – P. 278–285. [Electronic resource]. - DOI: [10.1108/eb024816](https://doi.org/10.1108/eb024816) - [in English].
  2. Ameyaw, M. N., Idemudia, C., & Iyelolu, T. V. (2024). Financial compliance as a pillar of corporate integrity: A thorough analysis of fraud prevention. *Finance & Accounting Research Journal*. [Electronic resource]. - URL: <https://fepbl.com/index.php/farj/article/view/1271>. - [in English].
  3. Teichmann, F., & Wittmann, C. (2022). Compliance cultures and the role of financial incentives. *Journal of Financial Crime*. [Electronic resource]. – URL: <https://www.emerald.com/insight/content/doi/10.1108/jfc-06-2022-0135/full/html>. - [in English].
-

4. Zakon Ukrainy "Pro zapobihannia ta protydiu lehalizatsii (vidmyvanniu) dokhodiv, oderzhanykh zlochyнным shliakhom, finansuvanniu teryzmu ta finansuvanniu rozpovsiudzhennia zbroi masovoho znyshchennia" No. 361-IX vid 06.12.2019 r. [Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction" No. 361-IX of December 6, 2019]. (2025, May 1). Retrieved from <https://zakon.rada.gov.ua/laws/show/361-20>. [in Ukrainian].
5. Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 on the prevention of the use of the financial system for money laundering or terrorist financing // *Official Journal of the European Union*. – [Electronic resource]. – URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018L0843> – [in English].
6. Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing // *Official Journal of the European Union*. – [Electronic resource]. – Access mode: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015L0849> – [in English].
7. Natsionalnyi bank Ukrainy. (2023). *Ohliad nebankivskoho finansovoho sektoru. IV kvartal 2023 roku* [Review of the non-banking financial sector. Q4 2023]. Retrieved May 1, 2025, from <https://bank.gov.ua/ua/news/all/oglyad-nebankivskogo-finansovogo-sektoru-za-IV-kvartal-2023-roku> [in Ukrainian].
8. FATF. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations. Paris: FATF, 2023. URL: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html> [in English].
9. Federal Financial Supervisory Authority (BaFin). Risk-based approach guidelines for obliged institutions. BaFin, 2022. URL: <https://www.bafin.de> [in English].
10. Financial Conduct Authority (UK). FCA Compliance Handbook. London, 2023. URL: <https://www.fca.org.uk> [in English].
11. Polish Financial Supervision Authority (KNF). Annual Report 2022. Warsaw, 2023. URL: <https://www.knf.gov.pl> [in English].
12. PrivatBank. (n.d.). *Borotba z vidmyvanniam koshtiv (AML)* [Combating money laundering (AML)]. Retrieved May 1, 2025, from <https://privatbank.ua/ru/business/aml> [in Ukrainian].
13. Oshchadbank. (n.d.). *Protydiia lehalizatsii dokhodiv, oderzhanykh zlochyнным shliakhom* [Counteraction to legalization of proceeds obtained by criminal means]. Retrieved May 1, 2025, from <https://www.oschadbank.ua> [in Ukrainian].
14. Monobank. (n.d.). *Security* [Security]. Retrieved May 1, 2025, from <https://monobank.ua/en/security> [in Ukrainian].
15. PUMB. (n.d.). *Ofitsiyni sait* [Official website]. Retrieved May 1, 2025, from <https://www.pumb.ua/> [in Ukrainian].

Одержано статтю: 01.05.2025  
Прийнято до друку: 14.05.2025