

International Olympiad on Financial Security 2025. "Economics" (students)

Question 1. Compare the short-term economic effect with the AML/CFT measure (1-7) that caused this effect as a direct and main consequence. Write down the answer as a sequence of digits, where the digit means the measure corresponding to the effect from A to E (the sequence of effects from A to E).

Economic effect:

- A. A noticeable decrease in the inflow of foreign direct investment into the country within 6 months after the event.
- B. Significant increase in transaction costs of financial institutions in a particular sector.
- C. Massive withdrawal of customers (including large corporate ones) from banks to the non-banking sector.
- D. Systematic distortion of foreign trade statistics in customs and Central Bank reports.
- E. Reduced accessibility and higher prices basic banking services for the population in remote/depressed regions.

AML/CFT measure:

- 1) The application of the law on account blocking/termination of transactions without the consent of the client upon reasonable suspicion of money laundering or terrorist financing.
- 2) The publication of the results of an investigation into a large scheme of fictitious imports using shell companies.
- 3) The introduction by the regulator of mandatory training and certification programs for compliance staff for all credit institutions that require significant financial costs.
- 4) The bank's launch of a new transaction monitoring system for VIP clients using artificial intelligence.
- 5) Inclusion of the country in the FATF "grey list".
- 6) The signing of a bilateral agreement on the exchange of financial information with country Y, which is not on the FATF's "grey" lists.
- 7) The introduction by the regulator of a mandatory regime of total monitoring of transactions for all clients of the high-risk sector.

Question 2. Compare practical situations with relevant measures or measures from the FATF 2025 recommendations on the prevention and combating of money laundering and terrorist financing (AML/CFT).

Write down the answer as a sequence of letters, where the letter means an event corresponding to situation 1-5 (a sequence of situations from 1 to 5).

Case study:

- 1) Bank "X" identified transfers in the amount of 500,000 monetary units from a client who could not confirm the legality of the origin of funds.
- 2) The financial company has implemented a customer assessment system for three risk levels (low, medium, high).
- 3) The State annually publishes data on the number of confiscated assets and completed investigations in cases of money laundering.
- 4) The credit institution requires a non-resident client to provide documents confirming the beneficial owners of the company.
- 5) The country has imposed a ban on opening accounts for banks from a state included in the FATF "grey list".

Measure:

- A. Mandatory insurance of clients against the risks of money laundering and terrorist financing.
- B. Application of targeted financial sanctions.
- C. Application of a risk-based approach.
- D. Reporting suspicious transactions to financial intelligence.
- E. Collection and analysis of statistics to assess the effectiveness of the AML/CFT system.
- F. Confiscation of assets without a court decision.
- G. Enhanced verification of clients from high-risk jurisdictions.
- H. Prohibition on informing clients about the inspections carried out.

Question 3. Company "C" (country A) imports electronic components from company "M" (country B) under a contract for 2 million monetary units. The analysis of customs declarations shows an overestimation of the cost of goods by 60% relative to average market prices. At the same time, company "C" receives loans from company "E" (in offshore country K), the beneficiary of which is the spouse of the director of company "M". After 6 months, company "C" transfers 1.8 million monetary units in cryptocurrency to the account of a charitable foundation in Switzerland associated with the same beneficiary. What kind of money laundering scheme is used in this case?

- 1) Fictitious export contracts with underestimation of the value of goods.
- 2) A three-stage model: placement through charity, stratification with cryptocurrency, integration through offshore companies.
- 3) A scheme of "false investments" with reinvestment of illegal funds through related companies.
- 4) Using trade finance to cash out funds through fictitious loans.

Questions 4-7. As part of the investigation of the criminal case by the Prosecutor General's Office of Turkmenistan, in January 2019, the Ministry of Finance and Economy of Turkmenistan (SFM) sent a request against person "A", who, while working as director of the state insurance organization "C", using his official position for mercenary purposes and abusing his powers, entered into a criminal collusion with subordinate person "G" – the head of the relevant department, who in the period 2014-2018 received bribes from representatives of foreign companies for obtaining favorable insurance pole conditions for the execution of a state order for the construction of large facilities, as well as about a foreign company "T" registered in Hong Kong, the beneficiary (beneficiary) of which was a resident of Turkmenistan "N".

At the same time, the request specified that the person, an employee of the state insurance company "G", received cash from his acquaintance, an individual resident of Turkmenistan "N".

According to preliminary information, senior officials of the state insurance organization for providing insurance policies to foreign companies to perform work on construction sites received (kickbacks) money-bribes, which were transferred to the accounts of a foreign company "T" registered in Hong Kong, the beneficiary of which was a resident of Turkmenistan "N". Further, these illegally obtained funds were given out by "N" in cash and provided money transfer services (hawala) to an employee of the state insurance company "G".

In order to obtain complete information about the founders, beneficial owners, directors and bank accounts of the company, SPS sent relevant requests to foreign financial intelligence units.

According to the response received, the resident of Turkmenistan "N" acted as a trustee on the basis of a general power of attorney and managed the foreign company "T" registered in Hong Kong, as well as the company's bank accounts.

In the course of an analysis by the Financial Monitoring Service for Bank Transfers of a foreign company "T", the facts of the transfer of about 1 million US dollars from the bank account of a Turkish company, which in turn was a major supplier of construction and cargo equipment in the region, were established.

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Also, as part of the analysis, a second foreign company of person N, registered in the UAE, was identified. This company was also used as an intermediary in concluding contracts with residents of Turkmenistan, in speculating on the prices of imported goods and in hiding the true income. The above-mentioned company "T" was used by a resident of "N" to conceal his true income, non-payment of taxes in accordance with the tax legislation of Turkmenistan, and manipulation of prices for goods imported into Turkmenistan.

According to the results of an operational analysis conducted by the Financial Monitoring Service, all information was transferred to the SOE on suspicion of organizing money laundering schemes, tax evasion and other related financial frauds.

As a result of the investigation, US\$ 750,450, various gold jewelry worth 330,092 manats were seized from person "A", one house worth 3,066,738 manats was seized, two residential buildings worth 3,099,806 manats, three cars worth 1,244,000 were seized from person "G". Person "K" had two houses with a total value of 1,594,038 manats and two cars with a total value of 214,200 manats seized. Persons "A" and "D" were found guilty by the court of committing the crime provided for and sentenced to various years in prison.

Question 4. What are the main economic schemes used by resident "N" and his companies to conceal income and evade taxes, according to the case? (Select all the correct options).

- A. Price manipulation, transfer pricing for imported goods.
- B. Organization of a cartel between foreign companies to inflate prices for construction services.
- C. Abuse of trade finance schemes for fictitious contracts for the supply of construction equipment.
- D. Use of intermediary companies in offshore zones to conclude contracts and conceal the final beneficiary.
- E. Obtaining unsecured loans from foreign banks.
- F. Using foreign companies to conceal income and evade taxes.
- G. Using an informal transfer system to transfer bribes.
- H. Creating fictitious export contracts with inflated prices to obtain unjustified tax deductions.

Question 5. According to the previous case, correlate the operations described below (1-6) with the corresponding stage of laundering (A-C). Write down in the answer the sequence of letters corresponding to the operations in the sequence from 1 to 6.

Operations:

1. Transfer of about 1 million USD from the Turkish company to the account of the Hong Kong company "T".
2. A series of large cash withdrawals from the account of the company "T" and transfer of funds according to the "hawala" scheme.
3. Transfer of bribes to the "T" account from foreign counterparties for profitable insurance policies.
4. Placement of funds in the accounts of the second company "H" in the UAE and subsequent transfers to residents of Turkmenistan under contracts.
5. Purchase of houses, cars and jewelry in the name of "A" and "G".
6. Transfer of cash to employee "G" for subsequent use within the country.

Stages of laundering:

- A. Placement
- B. Layering
- C. Integration

Question 6. Based solely on the facts from the previous case, which of the following statements about the economic motives of the scheme participants are certainly true? Select all the correct options.

- A. Resident "H" created company "T" in Hong Kong to conduct legal import business.
- B. The company in the UAE was used to reduce customs duties on goods imported into Turkmenistan.
- C. Persons "A" and "G" took bribes to increase the income of the state insurance company.
- D. One of the purposes of using companies "H" in Hong Kong and the UAE, there was a concealment of his true income from the tax authorities of Turkmenistan.
- E. The hawala system was used by "H" to minimize bank fees when transferring money to "G".
- F. Persons "A" and "G" received bribes for providing profitable insurance policies to foreign companies.
- G. The bribes received were invested by "A" and "G" in high-yielding securities abroad.
- H. Resident "H" transferred money through the company to the UAE in order to reduce fees for international payments.

Question 7. Analyze the above case and select all economically suspicious signs that, based on the information provided in the case, could alert the bank or SPS at an early stage.

- A. Frequent cash withdrawals of large amounts from the accounts of company T.
- B. The company's use in the UAE to "speculate on the prices of imported goods.
- C. Opening of numerous transit accounts in third-country banks by company T. for the rapid movement of funds for no apparent purpose.
- D. The company in the UAE makes significant transfers to personal accounts of individuals in offshore countries.
- E. The presence of several companies in different offshore jurisdictions by one beneficiary ("H") without an obvious business need.
- F. Company T has a complex corporate structure with multi-level ownership through nominee shareholders from different jurisdictions, making it difficult to identify the ultimate beneficiary.
- G. Frequent transfers of small amounts (less than the reporting threshold) between company's T accounts and the company in the UAE, which may indicate an attempt to avoid regulatory attention.

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Question 8. As part of the improvement of the AML/CFT system (countering money laundering and terrorist financing), the financial regulator analyzes five types of transactions that require increased control:

- Large money transfers (K).
- Cryptocurrency transactions (C).
- Precious metals transactions (D).
- Foreign transactions (F).
- Payments to offshore zones (O).

The regulator must determine the order of their verification (from 1 to 5) in accordance with the following rules:

1. Cryptocurrency transactions (C) cannot be verified immediately after payments to offshore zones (O) and vice versa.
2. Foreign transactions (F) should be checked earlier than transactions with precious metals (D).
3. Large money transfers (K) are checked only first or last.
4. Transactions with precious metals (D) cannot be verified earlier than large transfers (K).

What type of operations cannot be checked by the fifth?

- A. Cryptocurrency transactions.
- B. Precious metals transactions.
- C. Foreign transactions.
- D. Payments to offshore zones.

Question 9. Make a sequence of documentary confirmation by the bank of the fictitiousness of transfers between legal entities "without a contract".

Write down the answer as a sequence of numbers.

- 1) An official request to the client for the provision of primary documents.
- 2) The decision on the degree (level) of risk of the client performing suspicious transactions.
- 3) Forming and sending a message to the financial monitoring body.
- 4) Comparison of dates and logical sequence of documents.
- 5) Recording an internal event and creating a client's dossier.
- 6) Analysis of the payment chain and beneficiary structure.
- 7) Reconciliation of information with tax reports.

Question 10. The following are the potential reputational risks from the misuse of programs for obtaining citizenship and residence permits for investments (A) and the conditions under which these risks are practically impossible (C) in the context of AML/CFT.

Compare the risk with the condition under which this risk may not occur. Write down the answers as a sequence of numbers, where the number indicates the condition (B) corresponding to the risk (A), in the order in which they are listed.

A. Reputational risks:

- A. Suspension of the visa-free regime with the Schengen area.
- B. Growth of the sovereign credit default spread (credit default swaps CDS).
- C. Rupture of correspondent banking relations.
- D. Significant decrease in tourist flow.
- E. Outflow of headquarters of multinational corporations.
- F. Extrapolation of risk assessment by investors to neighboring states.

B. Conditions:

1. Geographically isolated country.
2. The Government raises funds only on the domestic government bond market.
3. The country does not have visa-free travel agreements with most countries.
4. There are no resident corporations in the country.
5. There is no regular direct flight service, charter flights prevail.
6. The banking system is limited to servicing only the national currency.

Question 11. Column T contains economic laws/terms, column B contains quotes from the FATF report/OECD "Abuse of citizenship and residence permit programs for investments", 2023. Compare each term with the thesis that illustrates its manifestation. Write down the answers in the form of a sequence of numbers, in which the number means the thesis (B) corresponding to the term from T (in the sequence from A to F).

T. Terms

- A. The law of supply and demand in the real estate market
- B. Information asymmetry and unfavorable selection
- C. Moral hazard of the intermediary
- D. The "race to the bottom" effect
- E. Volatility (procyclicality) of budget revenues
- F. "Cost-benefit" analysis (CBA)

B. Theses of the report

1. "After the financial crisis of 2007-2009, EU countries began to lower the minimum investment thresholds, competing for applicants, which led to a weakening of verification".
2. "Income from the sale of passports in some Caribbean states reached 30% of GDP, but fell sharply with declining demand, exacerbating budget fluctuations".
3. "Private agents they receive a commission for each approved application, which encourages them to neglect the depth of verification of the source of funds".
4. "Real estate investments are often carried out at inflated prices; the developer returns part of the amount to the investor, hiding the real value of the asset".
5. "Most candidates know information about their shadow incomes much better than program operators, which increases the risk of allowing individuals trying to legalize capital".
6. "The FATF recommends comparing short-term program revenues with long-term costs, including reputational damage, reduced visa-free preferences, and compliance costs".

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Question 12. Choose the option that best identifies the term / economic law or pattern described in the fragment from the FATF report (2024). "Targeted update of information on the implementation of FATF Standards on Virtual Assets and Virtual Asset Service Providers".
"...The Itinerary Rule stipulates that the FATF requirements on transparency of payments (FATF Recommendation 16) are applied in the context of the VA. According to the "Itinerary Rule", the VASP and financial institutions, when transferring the VASP, must immediately and reliably receive, store and transmit certain information about the sender and beneficiary ... The effectiveness of the "Itinerary Rule" directly depends on the consistency and effectiveness of global implementation and enforcement". The FATF urges the jurisdictions to urgently ensure the adoption and enforcement of legislation on the implementation of the "Route Rule".

- A) Positive external effect.
- B) Network effect.
- C) The law of diminishing marginal utility.
- D) Purchasing power parity.

Question 13. Choose the option that best identifies the term / economic law or pattern described in the fragment from the FATF report (2024). "Targeted update of information on the implementation of FATF Standards on Virtual Assets and Virtual Asset Service Providers".
"The massive spread of VA, including stablecoins, may lead to customers less likely to contact organizations that are required to comply with AML/CFT requirements, since stablecoins stored in offline wallets can be used to purchase goods without converting into fiat money".

- A) Financial disintermediation.
- B) The Triffin Paradox.
- C) The Fischer Effect.
- D) Oaken's Law.

Question 14. Specify the signs and indicators pointing to possible money laundering and/or terrorist financing according to the terms of the case below from the document "Country Mutual Assessment REPORT FROM 2023. EAG", which could not be relied upon by law enforcement agencies.

Case:
On 19.03.2015, the central bank received a letter from the State Tax Service for the city of "A" for No. 690/03 with the attachment of an Inspection Report dated 12.03.2015 conducted by the tax service (verification based on appeals from law enforcement agencies) in respect of a citizen of country C named "I", who, on behalf of some entrepreneurs from country C, was charged with for goods (services) to foreign countries, he transferred funds from the foreign exchange account of AA LLP (city of R), opened in one of the banks of country L. Thus, a non-cash payment made by a citizen of "I" through a foreign company was reimbursed by local entrepreneurs in foreign currency in cash.
The audit also showed that citizen "I" is the ultimate beneficial owner of the foreign company AA LLP. Also, a citizen of country C "I" was engaged in the purchase and sale of foreign currency. The calculated amount of net profit from unlicensed activities was 5,373.0 national currency (1,535 US dollars), which was repaid by close relatives. Citizen "I" was sentenced to three years without the right to engage in entrepreneurial activity for a period of three years and confiscation of property.
The material evidence in the case, namely 132,700.0 US dollars, was seized in favor of the state and the damage was compensated in the amount of 211,984.0 national currency (60,567 US dollars).

1. Carrying out the activities of a money transfer operator without the necessary license.
2. Using a complex structure with a foreign company to conceal the beneficial owner and the real movement of funds.
3. Use of jurisdictions and transfers of funds to individuals or organizations on the FATF grey list.
4. Receiving large amounts of foreign currency in cash from third parties as compensation for payments made.
5. Inconsistency of the stated purpose of the activity with the scheme used.
6. Confiscation of a large amount of cash recognized as material evidence in the case of illegal activities.
7. The lack of proper verification of the client and the beneficial owner by the bank of country L when opening a company account.
8. Using a foreign "shell" company, the ultimate beneficiary of which is the money transfer itself.

Question 15. According to the joint FATF report/OECD "Abuse of Citizenship and Residence Permit by Investment Programs" (2023), small island Nation A implements the Citizenship by Investment Program (JI). In the first reporting year, the state issued 600 passports for a non-refundable contribution of 200,000 monetary units each.

The report highlights two main reputational risks for operating jurisdictions (Chapter 3):

1. Termination or restriction of correspondent banking relationships ("de-risking");
2. "freezing" of the visa-free regime.

The Government of country A wants to understand whether the proceeds from the program will cover the possible reputational costs over a three-year horizon.

It is necessary to calculate the expected annual reputational damage based on the following data:

The probability of a break in correspondent relations is 7%; and in this case, the annual increase in operating expenses of the banking sector will amount to 35 million monetary units.

The probability of a "freeze" of the visa-free regime is 12%, while the projected annual losses of the tourism sector will amount to 0.6% of GDP.

The country's GDP = 4 billion monetary units.

Annual administrative expenses for the management of the investment program = 10 million monetary units.

- A. 5.33 million monetary units.
- B. 4.67 million monetary units.
- C. 104.67 million monetary units.
- D. 194.67 million monetary units.

WRITTEN WORK ASSESSMENT PROTOCOL. "ECONOMICS" (STUDENTS)

PARTICIPANT ID

Question No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Maximum grade	5	5	5	5	10	5	5	10	10	5	10	5	5	5	10
Correct answer	57123	DCEGB	3	ADFG	BBABCA	F, D	A, B, E	C	5147623	326541	453126	B	A	367	A
Participant's answer															
Actual grade received															
Increase or decrease in grade following appeal															
Final grade following appeal															

TOTAL POINTS

APPEAL RESULT

FINAL GRADE

SIGNATURES OF JURY MEMBERS

SIGNATURES OF APPEALS COMMITTEE MEMBERS

DATE

DATE