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SEIZURE OF BANK ACCOUNTS: A LEGAL MEANS OF ENSURING MOBILIZATION OR A CHALLENGE TO BANKING STABILITY IN THE CONTEXT OF EUROPEAN INTEGRATION

ABSTRACT

The article is devoted to a comprehensive analysis of the legal, financial, and economic aspects of freezing funds of individuals in bank accounts due to violations of mobilisation legislation under martial law. It examines the new challenges that may arise for Ukraine's banking system in connection with the implementation of such an administrative enforcement tool. Particular attention is paid to assessing potential risks: reduction in deposit volumes, decline in public trust in banks, growth of the shadow economy, and capital flight from the formal financial circulation.

An important place in the study is occupied by the human rights aspect of the issue. Emphasis is placed on the imperfection of legislative drafting techniques, the absence of proper procedural safeguards, and the consequent application of arrests without adequate judicial oversight, which violates the principles of legal certainty, the rule of law, and property rights. Such practices do not conform to European standards of human rights protection, financial stability, and legal regulation.

The article substantiates that the practice of freezing assets for violations of mobilisation obligations without a proper regulatory framework may transform into an instrument of fiscal pressure, which discredits the financial system and contradicts Ukraine's Euro-integration course. The interdependence between inadequate legislative approaches in the sphere of mobilisation and risks of destabilising the banking sector is established. The conclusions emphasise that in the absence of a transparent freezing mechanism, such measures may provoke capital flight from banking institutions, an increase in cash transactions, and a rise in shadow economy practices.

In light of the foregoing, it is noted that a comprehensive review of the relevant regulations is necessary, taking into account the principles of balance between the state's defence needs and banking stability standards in the context of European integration.

Keywords: legal remedies, banking regulation, banking stability, seizure of funds of individuals, coercion, enforcement measures, legal liability, martial law, mobilization, European integration

JEL Classification: G28

INTRODUCTION

The challenges of today, linked to the ongoing war in Ukraine, are having a significant impact on all areas of society and the functioning of most state institutions. Issues related to the mobilization process and the consequences of its violation are particularly discussed and relevant. On May 19, 2024, amendments to the Code of Administrative Offenses of Ukraine came into force, including in Article 210 "Violation of military registration rules by conscripts, persons liable for military service, and reservists" and Article 210-1 "Violation of legislation on defense, mobilization preparation, and mobilization", which significantly increased fines for violations of military registration and mobilization rules. The increase in fines by almost 25 times, the extension of the period of liability, and the improvement of the mechanism for bringing persons to justice make it important and relevant to study issues related to the innovations.

It is wrong to believe that the May changes introduced anything substantially new; they only contributed to the intensification of the functioning of state bodies, resulting in the possibility of issuing fines on a massive scale, which quickly accumulate and are registered in enforcement proceedings.

The seizure of individuals' accounts as a means of ensuring payment of fines for violations of mobilization rules is closely linked to the functioning of the Ukrainian banking sector. The issue of the stability of the banking system, on the one hand, and respect for the rights of individuals and citizens on the other, is becoming an increasingly significant and relevant phenomenon, especially given the intensification of European integration processes and the need to adapt the national system to European standards and requirements.

The mobilization process in Ukraine is regulated by the Law of Ukraine "On Mobilization Preparation and Mobilization" No. 3543-XII of October 21, 1993, the latest revision of which took place on January 1, 2025 (Pro mobilizatsiinu pidhotovku ta mobilizatsiiu, 2025).

Amendments to this law were accompanied by various slogans in numerous publications, which had varying degrees of impact on the population. One of the topics that has attracted the attention of the media and, accordingly, almost every Ukrainian citizen, is the possible seizure of funds from individuals' bank accounts in order to prevent them from evading mobilization (Poroshchuk, 2024). An analysis of media publications reveals the opinion of certain experts who attempt to classify such seizure of funds in individuals' bank accounts as a form of punishment.

LITERATURE REVIEW

In modern law enforcement conditions, the institution of bank account seizure is no longer exclusively a tool of criminal proceedings or enforcement of court decisions in the field of tax and civil law. With the entry into force of legislative changes relating to mobilization, the possibility of applying this tool within the framework of administrative proceedings for the purpose of enforcing penalties imposed for violations of military registration obligations is being considered. This makes it relevant to study not only the legal aspects of the seizure of funds, but also its impact on the banking system in the context of martial law and Ukraine's aspirations to integrate into the European community.

Certain aspects of the seizure of funds from individuals' bank accounts have been studied in the works of Ukrainian legal scholars. For example, M. Horbenko analyzed the issue of the recovery of funds in civil proceedings, in particular the practical difficulties of enforcing decisions through banking institutions (Horbenko, M., 2022). The legislative aspects of the seizure of non-cash funds, including gaps and challenges for the enforcement service, were the subject of research by I. Chemerys (Chemerys, 2020).

Despite the existence of fragmentary studies, a systematic analysis of the impact of account seizures on Ukraine's banking system in the context of mobilization remains insufficiently covered in academic discourse. Some attempts to understand this issue have been made within the framework of broader studies on the functioning of the banking system in a state of martial law. In particular, the scientific interest of N. Sokrovska, A. Korbutiak, et al. (Sokrovska & Danik, 2023) focused on the trends in the development and stability of the banking system under martial law and the role of the state in managing processes in the banking sector.

I. Lomachynska, O. Krukmal, et al. (Lomachynska & Pohorila, 2023) studied the regulation of the banking system and its impact on the national economy. The issue of ensuring financial stability is also considered in the studies by A. Kuznetsova and N. Pohorelenko (Kuznetsova, Pohorelenko, 2021), who highlight macroprudential policy as a key tool for managing systemic risks in the banking sector. At the same time, Stechyshyn, T.B., & Didyk, M.M., 2018, emphasize the importance of deposit activity of the population for maintaining the liquidity of banks and point to the importance of state guarantees for the preservation of deposits as an element of restoring public confidence in the banking system.

N. Danik and A. Tatko (Danik & Tatko, 2022) focused on analyzing the reasons for the decline in the stability of the banking sector during 2015-2021. This decline complicated the situation, resulting in a reduction in deposit volumes, a fall in fiscal revenues, an increase in currency risks, and the intensification of shadow financial mechanisms. The full-scale war only exacerbated these processes; about 30% of banks ceased operations, which significantly undermined the stability of the banking system as a whole.

It should be noted that all of the above processes related to the seizure of accounts, increased administrative responsibility, and the impact on the banking system are taking place in the context of Ukraine's active progress towards European integration, where maintaining banking stability, complying with human rights standards, and adhering to European principles of the rule of law remain key guidelines for state policy.

AIMS AND OBJECTIVES

The aim of the scientific article is to present scientific justification for the legal nature of the seizure of funds from individuals' bank accounts in the context of mobilization measures under martial law and to analyze its impact regarding ensuring the stability and stable functioning of the national financial system, particularly in the context of European integration processes. The study aims to examine the balance between ensuring national security through mobilization and the need to comply with financial system stability standards, which is an important aspect in the process of Ukraine's gradual integration into the European political, legal, and economic space.

The research tasks include the following: analysis of legislative and legal acts regulating the seizure of funds in bank accounts of individuals under martial law and mobilization, particularly within the limits of Ukraine's international legal obligations; assessment of the impact of the seizure of funds on Ukraine's banking system, taking into account European demand levels stability of financial institutions; determining the legal nature of the seizure of funds of individuals as a mechanism for ensuring the fulfillment of mobilization obligations, as well as its impact on financial security and stability of the financial system within the pro-European direction; studying the consequences of the seizure of funds for the country's economic stability, especially in the context of its integration into the European economic space and compliance with European standards of banking regulation.

METHODS

To achieve the set goal and implement the defined tasks, empirical methods of scientific cognition are involved in the process of scientific analysis and substantiation of the research provisions. These include, in particular, description, comparison, and tabulation. The state of legal regulation (amendments to regulatory acts), other areas of social functioning and development under martial law are described, in particular, the limits of state control and regulatory influence on the financial system under martial law. In addition, this method is used to outline the factual circumstances in the selected topic, namely, news items, draft laws, and related documents.

The comparison method is aimed at comparing the significance of such a coercive measure as the seizure of funds of individuals held in bank accounts in different areas of legal regulation. Such a comparison is generally based on the parallels in the regulatory framework of the specified legal measure, depending on the area of application. In addition, comparison and description as methods of scientific knowledge are used when considering the opinions of scientists, in particular, comparing what scientists are working on and whether they reveal the issues that are planned to be addressed in this work.

In addition, the study employs methodological approaches of systematic, structural-functional, and comparative analysis. The latter are used to consider the seizure of funds as part of a certain system of coercive, protective measures (as part of a whole) in statics and dynamics.

Given that the research concerns a legal domain, the application of formal-legal and logical-legal methodologies is both essential and intrinsic to the examination of legal phenomena. These approaches provide the analytical framework for investigating the legal norms governing the capacity of the financial and credit system within the legal regime of martial law, as well as the procedures related to the confiscation of individuals' assets as a coercive measure within the national legal framework.

The implementation of these scientific methods enables the study to effectively pursue its objectives and accomplish the research tasks established at the outset.

RESULTS

In today's conditions, it must be noted that information about certain legislative initiatives presented in the media is not always properly qualified. This fact, combined with the lack of legal awareness and corresponding level of legal relations among Ukrainian citizens, as well as the lack of adequate official explanations on this issue (official sources of information, such as the official website of the Verkhovna Rada of Ukraine, official publications, such as Holos Ukrainy and Vidomosti Verkhovnoi Rady Ukrainy (Pro Rehlyament Verkhovnoi Rady Ukrainy, 2024), do not contain adequate explanations on the issue in question, i.e., the institution of interpretation and clarification of the provisions of current legislation is currently not functioning) leads to multiple negative consequences in the context of understanding and interpreting the law.

First, it creates a state of legal uncertainty, in which there is a discrepancy between the provisions and the fundamental principles of the rule of law, the provisions of the Convention for the Protection of Human Rights and Fundamental Freedoms, and the doctrinal case law of the European Court of Human Rights, resulting in poor-quality law-making.

Second, it demonstrates a violation of the fundamental rights of citizens, especially the right to property.

Thirdly, the seizure of funds in bank accounts may undermine public confidence in financial and credit institutions in general, and lead to the withdrawal of deposits or refusal to use banking services, which will negatively affect both the national financial and credit system as a whole.

Fourth, the introduction of a seizure in a context of legal uncertainty may cause widespread social discontent. This is particularly true in situations where citizens feel that their constitutional rights are being violated. This, in turn, will lead to numerous appeals to the courts.

Fifth, this type of seizure of funds may have indirect economic consequences, including a decline in investment activity and consumer confidence. This could slow economic growth and lead to a decline in tax revenues. Therefore, given these and other potential negative consequences, it is important that any legislative initiatives in this area be accompanied by thorough economic, financial, and legal analysis, transparency, and official explanations.

Transformation of regulation in multifaceted areas of social activity in connection with the introduction of martial law

With the start of a full-scale invasion and the introduction of martial law throughout Ukraine by the Decree of the President of Ukraine "On the introduction of martial law in Ukraine" dated February 24, 2022, No. 64/2022 (Pro vvedennia voiennoho stanu v Ukraini, 2025), approved by the Law of Ukraine "On Approval of the Decree of the President of Ukraine "On the Introduction of Martial Law in Ukraine" dated February 24, 2022, No. 2102-IX (Pro zatverdzhennia Ukazu Prezydenta Ukrainy "Pro vvedennia voiennoho stanu v Ukraini", 2022), the lives of the Ukrainian people have changed and, accordingly, national legislation is also undergoing changes. The latter is a logical and direct consequence of objective changes in society in connection with the war of aggression.

First, let us note the changes related to the introduction of measures of the legal regime of martial law, which are defined in Article 8 of the Law of Ukraine "On the Legal Regime of Martial Law" of 2015 No. 389-VIII, as amended on February 8, 2025 (Pro pravovyi rezhym voiennoho stanu, 2025), including, for example, the introduction of a curfew, the establishment of a special entry and exit regime, etc. These measures must be regarded as a matter of paramount importance, serving as indispensable instruments for preventing potential threats, repelling armed aggression, safeguarding national security, and ensuring the inviolability of state sovereignty and the territorial integrity of Ukraine.

Secondly, changes related to ensuring the functioning of all spheres of the state (public administration, in particular), economic entities, and the normal life of the entire population of Ukraine, for example:

1. Changes in the economic sphere related to taxation, in particular those introduced by such laws as the Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Specifics of Taxation and Reporting During the Period of Martial Law" dated March 3, 2022, No. 2118-IX (Pro vnesennia zmin do Podatkovoho kodeksu Ukrainy ..., 2022), Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Application of Provisions During Martial Law" dated March 15, 2022, No. 2120-IX (On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Specifics of Taxation and Reporting During Martial Law, 2022), etc. Amendments to the Tax Code of Ukraine, among other things, provide for special taxation during martial law, exemption of taxpayers from paying certain taxes, suspension or extension of deadlines, etc.
2. Changes in the field of administrative, civil, and other judicial proceedings, in particular those introduced by laws such as the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Prohibition of Political Parties" dated May 3, 2022, No. 2243-IX (Pro vnesennia zmin ... shchodo zaborony politychnykh partii, 2022), the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Specifics of Proceedings in Cases Concerning the Establishment of the Fact of Birth or Death of a Person in Conditions of Martial Law or a State of Emergency and in Temporarily Occupied Territories" dated July 1, 2022, No. 2345-IX (Pro vnesennia zmin ... shchodo osoblyvosti provadzhennia ..., 2022) etc.

- Changes in the field of labor relations, in particular those introduced by such laws as the Law of Ukraine "On the Organization of Labor Relations under Martial Law" dated March 15, 2022, No. 2136-IX (Pro orhanizatsiiu trudovykh vidnosyn ..., 2023). This law provides for the specifics of labor relations during martial law: specifics of establishing and recording working hours and rest periods; specifics of terminating labor relations on the employee's own initiative; restrictions on the duration of annual leave, etc. (Table 1).

Table 1. Changes related to ensuring the activities of various spheres of state life during martial law.

Sphere	Taxation	Proceedings	Labor relations
Changes	They provide for: <ul style="list-style-type: none"> special taxation rules during martial law; exemption of taxpayers from certain taxes during martial law; suspension or extension of deadlines during martial law; etc. 	They provide for: <ul style="list-style-type: none"> features of proceedings in administrative cases concerning the prohibition of political parties distinctive procedural features of cases involving the establishment of a person's birth or death under the principles of the legal regime of martial law, the conditions for imposing a state of emergency or extending the concept of "temporarily occupied territories", and other related matters. 	They provide for: <ul style="list-style-type: none"> features of labor relations during martial law; features of establishing and recording working hours and rest periods; specific features: termination of an employment contract at the employee's initiative; limitations on the duration of annual leave; and other related aspects.

These kinds of changes had a huge impact on various areas of the state's activities, but they have particularly affected the country's tax system, which, in conditions of war and strategic uncertainty, is unable to adequately ensure the implementation of the interests of the state and protect the interests of the population. An analysis of the main trends in tax and non-tax total revenues mobilized to the Consolidated Budget of Ukraine for the period under review from 2017 to 2024 shows a significant decline within the context of Russia's large-scale war against Ukraine in 2022 (Figure 1), which was due to changes in the main provisions of the state's tax policy in terms of simplifying the taxation system and reducing the tax burden on taxpayers in order to protect economic entities from the negative effects of the war. This situation led to a significant shortfall in the formation of tax revenues for the state budget and a deepening of its deficit, which, in the context of the war, limited the state's ability to finance protected items of state budget expenditure.

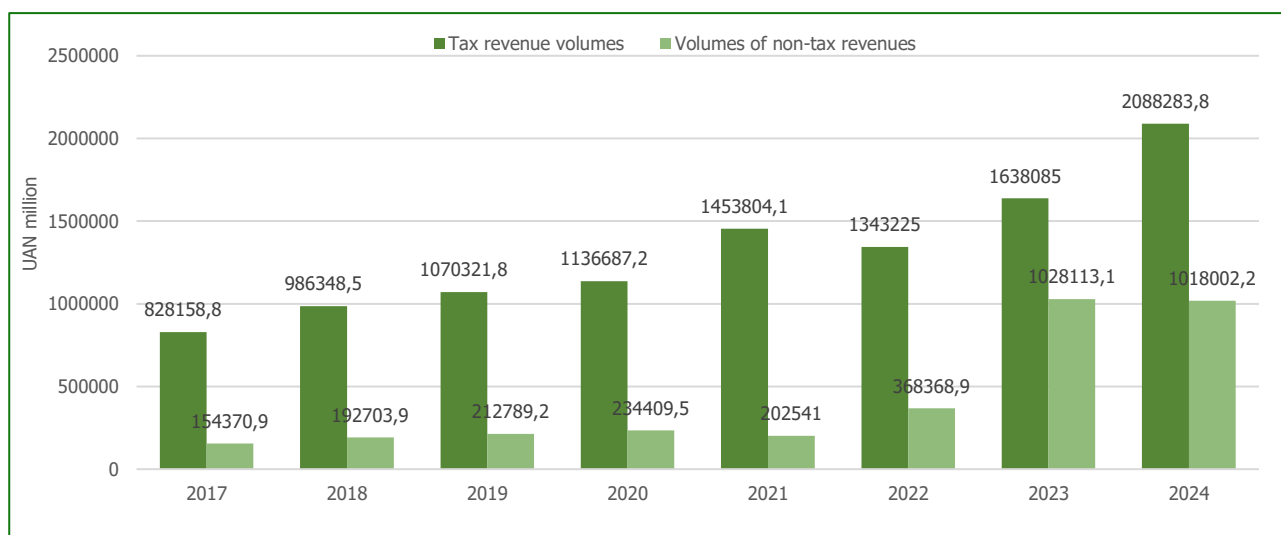


Figure 1. Dynamics of tax and non-tax revenues to the Consolidated Budget of Ukraine in 2017–2024, UAH million. (Source: Revenues of the Consolidated Budget of Ukraine in 2017–2024)

Thus, since the start of the large-scale war, every citizen of Ukraine has been living in conditions of constant transformation of various types of social relations and, of course, the legal norms that regulate these relations, which may (or should) be seen as justified by external and internal circumstances.

In addition to the areas mentioned above, the banking system has also undergone transformation. It is necessary to emphasize the transformation of legal norms that regulate the banking system and, in particular, the movement and use of funds belonging to individuals held in bank accounts during martial law. In particular, on February 24, 2022, the Board

of the National Bank of Ukraine adopted Resolution No. 18 "On the operation of the banking system during the period of martial law" (*Pro robotu bankivskoi systemy ...*, 2022), as announced on the official website of the National Bank of Ukraine.

Due to the extraordinary circumstances arising from the introduction of martial law in Ukraine, the National Bank of Ukraine has taken a series of measures aimed at maintaining the stability of the national financial and credit system (Natsionalnyi bank Ukrainy, 2022). These measures are aimed at supporting the continuous operation of financial institutions, ensuring access to cash and non-cash payments, and supporting the liquidity of banks in difficult conditions. In particular, restrictions were imposed on certain financial transactions, regulation of currency transactions, and ensuring the stability of the financial infrastructure within the framework of the introduction of the legal regime of martial law. Among key points, arranged according to NBU as of February 24, 2022, the following are worth noting:

1. Banks shall ensure the continuous operation of departments only in cases where this does not pose a risk to human life and well-being.
2. Banks shall continue their activities in compliance with the restrictions stipulated by the resolution.
3. Access to individual bank safes is provided without interruption.
4. All transactions related to non-cash payments are carried out as usual without any restrictions.
5. Banks replenish ATMs with cash without restrictions, ensuring their continuous operation and timely replenishment in the required amounts.
6. The NBU provides cash replenishment without restrictions.
7. The National Bank of Ukraine provides commercial banks with interest-free refinancing loans to maintain their solvency, without setting restrictions on the amount, for a term of up to one year, with the possibility of prolongation for another year.
8. All payments to the Ukrainian government are made in full and without restrictions, in accordance with the legislation on the special period.
9. The Ukrainian currency market has been suspended, except for foreign currency sales by customers.
10. The official exchange rate of the national currency was fixed at the rate determined on February 24, 2022.
11. Cash withdrawals from customer accounts are limited to UAH 100,000 per day (excluding salary and social security payments), except for enterprises and organizations that carry out mobilization tasks, serve the needs of the government, or have individual permits issued by the National Bank of Ukraine without charging or withdrawing commissions.
12. Cash withdrawals and foreign currency transactions from customer accounts are prohibited, except for enterprises and institutions that ensure the implementation of mobilization plans (tasks), the government, and individuals permitted by the NBU.
13. A ban has been imposed on cross-border currency transfers, except in cases where such transactions are carried out by enterprises and institutions that implement mobilization tasks, serve the needs of the government, or have received special permission from the National Bank of Ukraine.
14. Servicing banks have suspended expenditure transactions on accounts held by residents of the state that committed armed aggression against Ukraine, etc.

The changes envisaged by the NBU, as outlined above, are fully in line with the challenges of the times and are extremely important for ensuring the stable existence of a nationwide financial and credit system within the legal regime of martial law. The latter is precisely what is needed to ensure the functioning of the country, its institutions, its army, and, of course, the existence of every individual.

However, despite all the challenges and dangers of introducing the relevance of martial law in the country, the national banking system has undergone significant changes, particularly in the number of commercial banks operating in the country. As evidenced by data from the National Bank of Ukraine and the Ministry of Finance of Ukraine (Figure 2), the number of banks in the country decreased from 88 in 2017 to 63 in 2024 (a change rate of -28.41%).

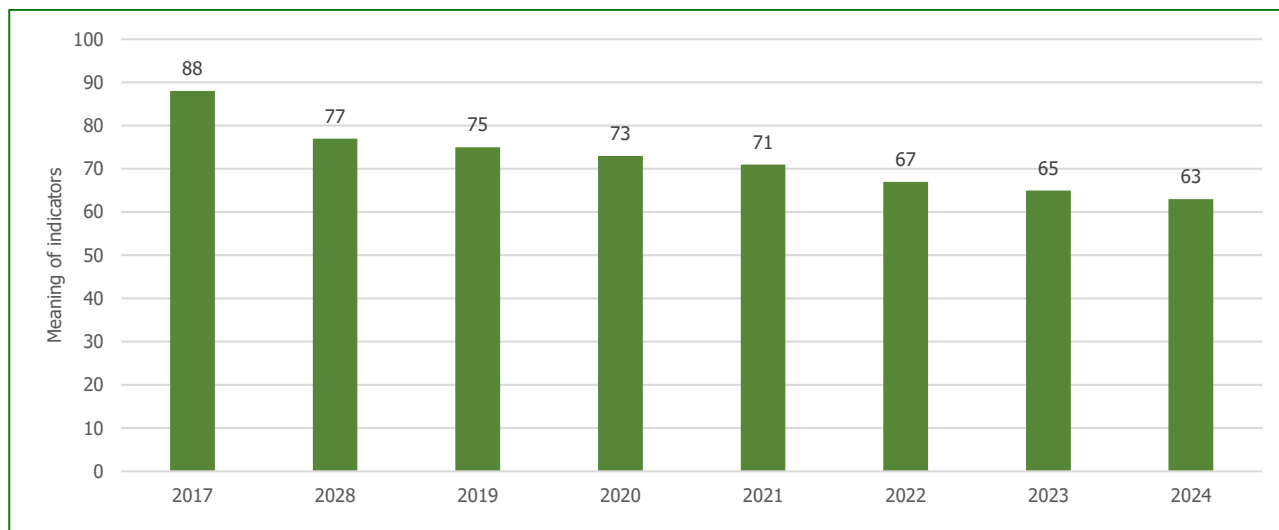


Figure 2. Status and dynamics of changes in the total number of commercial banks in Ukraine in 2017–2024. (Source: NBU Annual Report for 2024)

This reduction in the number of commercial banks in the country has both positive effects and a number of negative, destabilizing consequences. Among the positive aspects, it is necessary to note the increased stability of the banking sector, since insolvent banks, which were mostly used to carry out suspicious financial actions aimed at giving a legal appearance to funds obtained illegally, have left the banking services market. Moreover, the reduction in the number of banks has allowed for capital consolidation, and the remaining banks have increased their capitalization and significantly strengthened their liquidity and transparency requirements. Against this backdrop, there has been an increase in depositor confidence, as banking supervision and capital control have been strengthened in line with international standards and the Basel principles.

Among the negative effects, it is worth highlighting the reduction in competition in the banking sector, as the dominance of large state-owned banks such as PrivatBank, Oschadbank, Ukreximbank, and Ukrgasbank limits consumer choice, and the closure of many branches and the liquidation of small banks in small towns has led to a narrowing of financial inclusion and reduced access to banking services in the regions.

Against this backdrop, other significant problems arise, leading to limited access for small and medium-sized businesses to credit resources, which are mainly directed towards large businesses, creating dependence of economic entities on a limited number of financial institutions. In this context, the role of non-bank financial institutions through which shadow schemes are implemented is beginning to grow.

With the change in objective circumstances, there was an operational transformation of banking regulation. As of June 2024, Resolution No. 18 of the Board of the National Bank of Ukraine "On the operation of the banking system during the period of martial law" dated February 24, 2022 (Pro robotu bankivskoi systemy ..., 2022) stipulates that banks are also obliged to operate subject to the restrictions provided for in the said resolution; it is prohibited to issue cash in hryvnia from a customer's account in the national currency in Ukraine in an amount exceeding 100,000 hryvnia per day (excluding bank fees), except in cases specified in the aforementioned resolution; international humanitarian aid and support from non-governmental organizations aimed at Ukrainian citizens who have suffered damage as a result of Russia's large-scale war against Ukraine; non-cash payments are carried out without restrictions; Acquirers are entitled not to provide users with documents for transactions using electronic payment instruments when electronic payment instruments are carried out using a payment terminal installed by the servicing acquiring bank. Payment service providers are required to ensure cashless settlements using electronic payment instruments. It is prohibited to issue cash in foreign currency in Ukraine. Transactions from customer accounts in foreign currency are limited to an amount not exceeding the equivalent of UAH 100,000 per day (excluding bank fees), with the exception of transactions involving the withdrawal of cash in foreign currency from the relevant accounts, etc.

Accordingly, banks, as primary financial monitoring entities, are required to report suspicious financial transactions that show signs of the above-mentioned offenses to the competent state authority authorized to perform the relevant functions – the State Financial Monitoring Service of Ukraine. The analysis conducted in this context shows that during 2017–2024, banks in Ukraine received a significant number of reports of suspicious financial transactions, the dynamics of which are summarized in Figure 3.

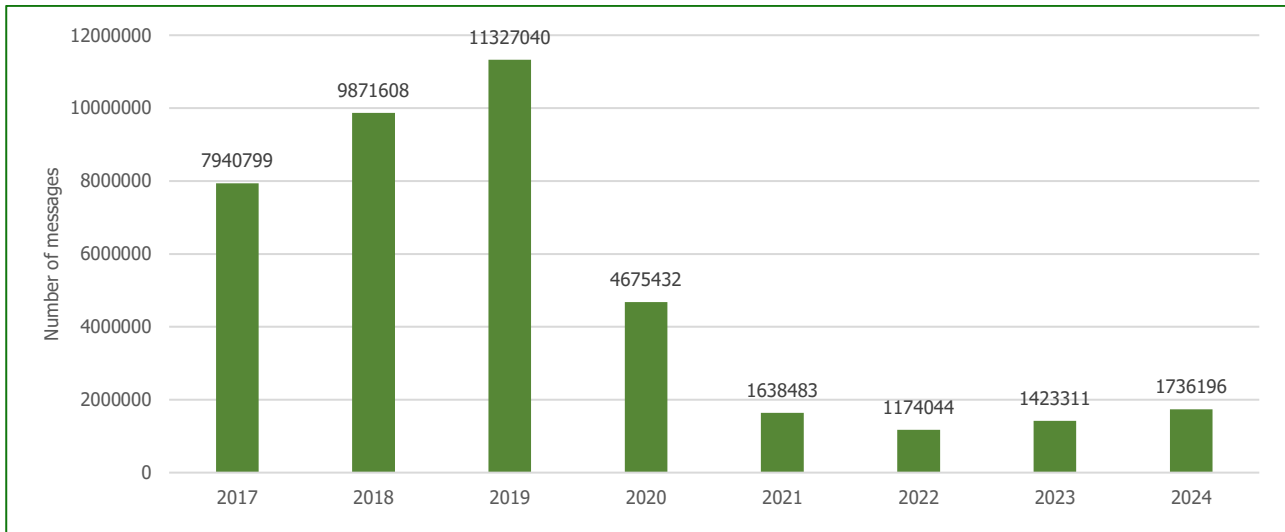


Figure 3. Dynamics of the number of reports sent by banks to the State Financial Monitoring Service of Ukraine on suspicious financial transactions in 2017–2024. (Source: Reports of the State Financial Monitoring Service of Ukraine for 2017–2024)

An in-depth analysis shows that during 2017–2019, there was a steady upward trend in the detection by banks of suspicious financial transactions involving them, from 7,940,799 reports recorded in 2017 to 11,327,040 reports in 2024. However, the adoption of the Law of Ukraine "On Preventing and Combating the Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction" No. 361-IX of December 6, 2019 (Pro zapobihannya ta protyiduu lehalizatsii (vidmyvanniu) dokhodiv, ..., 2019) has made it possible to strengthen anti-legalization measures implemented at the state and primary levels of financial monitoring, as a result of which the number of reports sent by banks to the State Financial Monitoring Service of Ukraine on suspicious financial transactions in 2020 decreased to 4,675,432 reports, in 2021 to 1,638,483 reports, and in 2022 to 1,174,044 reports. However, in 2023 and 2024, economic crime intensified, as evidenced by an increase in the number of suspicious financial transactions detected by banks and reported to the State Financial Monitoring Service, in particular, to 1,423,311 reports in 2023 and 1,736,196 reports in 2024.

In addition, along with the increase in the number of reports on suspicious financial transactions that banks submit for review to the State Financial Monitoring Service of Ukraine, which confirm the facts and attempts to legalize (launder) proceeds obtained by criminal means and/or legalize other funds, property, and assets, the period under review has seen a transformation in the typical schemes used to carry out such illegal activities and a constant updating of the main tools. It is an indisputable fact that banks are actively involved in the legalization of criminal proceeds through schemes such as multiple financial transactions, fictitious entrepreneurship, transactions with offshore jurisdictions, securities manipulation, and the use of cryptocurrency exchanges and electronic payment systems. Therefore, it is advisable to conduct more in-depth research to determine the effectiveness of financial monitoring in Ukraine in countering money laundering using the country's banking system. In this context, we propose to assess the relationship between the intensity of use of the main schemes for legalizing assets, property, and funds and the effectiveness of mechanisms to counteract this destructive phenomenon present in the domestic banking system. To achieve this goal, we will build econometric models that will allow us to quantitatively assess the following relationships:

1. The model of financial monitoring effectiveness in the national financial and credit sphere (equation 1) allows assessing the effectiveness of financial monitoring carried out by state and primary level entities in the banking sector.

$$EFF_{FM} = \alpha_0 + \alpha_1 REP + \alpha_2 SUS + \alpha_3 PEN + \alpha_4 COOP + \varepsilon, \quad (1)$$

where: EFF_{FM} – integral indicator of the effectiveness of countering the legalization (laundering) of income, property, and funds in the banking sector; REP – number of reports submitted by banks on suspicious financial transactions; SUS – the proportion of confirmed cases of legalization (laundering) of income, property, and funds in the banking sector in the total number of suspicions; PEN – the amount of penalties imposed; $COOP$ – level of international cooperation and participation in international requests and responses from financial intelligence units.

2. The model for countering offshore schemes (equation 2) reflects the relationship between the scale of offshore use and the effectiveness of measures to counter offshore schemes.

$$OFFS_{EFF} = \beta_0 + \beta_1 TRADE_{MIS} + \beta_2 TAX_{GAP} + \beta_3 INFEX + \beta_4 LAW + \mu, \quad (2)$$

where: $OFFS_{EFF}$ – effectiveness of measures to restrict offshore flows; $TRADE_{MIS}$ – volumes of trade invoicing; TAX_{GAP} – the gap between expected and actual tax revenues; $INFEX$ – financial transparency index; LAW – number of criminal cases involving offshore abuses.

3. The model for assessing the effectiveness of countering cryptocurrency schemes (equation 3) shows the relationship between the technological level of monitoring cryptocurrency transactions and the ability to counter new money laundering schemes.

$$CRYPTO_{EFF} = \gamma_0 + \gamma_1 AML_{TOOLS} + \gamma_2 DETECT + \gamma_3 VALUE + \gamma_4 INTCOOP + \eta, \quad (3)$$

where: $CRYPTO_{EFF}$ – effectiveness of countering the use of cryptocurrencies in money laundering schemes; AML_{TOOLS} – availability and use of special tools on exchanges; $DETECT$ – number of detected cryptocurrency transactions with signs of legalization (laundering) of income; $VALUE$ – monetary volume of identified transactions; $INTCOOP$ – level of the country's participation in international projects on monitoring crypto assets.

The results of the econometric assessment of the relationship between the intensity of use of the main schemes for legalizing assets, property, and cash and the effectiveness of mechanisms to counteract this destructive phenomenon in the banking sector of Ukraine are summarized in Table 2.

Table 2. Results of econometric assessment of the relationship between the intensity of use of the main schemes for legalizing (laundering) assets, property, and funds, and the effectiveness of mechanisms to counteract this destructive phenomenon.

No.	Indicator	Weight coefficient	Banking schemes	Degree of influence	Offshore schemes	Degree of influence	Cryptocurrency schemes	Degree of influence
1	Effectiveness	0.30	0.75	0.2250	0.50	0.1500	0.40	0.1200
2	Preventive measures	0.25	0.75	0.1750	0.45	0.1125	0.50	0.1250
3	Detection/identification	0.20	0.80	0.1600	0.40	0.0800	0.35	0.0770
4	International cooperation	0.15	0.65	0.0975	0.55	0.0825	0.45	0.0675
5	Sanctions	0.10	0.60	0.0600	0.50	0.0500	0.30	0.0300
6	Integral index (0-1)	1.00		0.7175		0.4750		0.4125
7	Integral index (0-100)			71.75		47.50		41.25

Thus, the results of econometric studies allow us to conclude that there is a statistically significant relationship between the effectiveness of the financial monitoring system and a reduction in the number of confirmed cases of money laundering in the banking sector. In particular, a 10% increase in their number leads to a decrease in the share of confirmed criminal schemes by an average of 3–4%. At the same time, the gap between expected and actual tax revenues correlates with the scale of offshore schemes, and the implementation of measures to reduce this gap increases the effectiveness of the fight against offshore schemes by 15–20%. At the same time, financial transparency correlates positively with the number of investigations, but its impact is realized in the medium and long term, and the existence of convictions for offshore abuse demonstrates a significant positive effect, but the level of closed court cases remains low. As for cryptocurrency platforms, the key factor in minimizing their use to give the appearance of legitimacy to funds obtained illegally is the availability and quality of AML/KYC tools, and significant volumes of detected transactions do not always mean that there is a higher level of effectiveness in countering them, as they often indicate the weakness of preventive measures.

Therefore, it can be argued that the banking sector is highly effective in combating money laundering (laundering) of criminally obtained income, as evidenced by the integral index value of 71.75 and the significance of measures to ensure the systematic and prompt reporting of financial transactions with signs of illegality, as well as the severity of sanctions for non-compliance with anti-money laundering legislation.

The effectiveness of countering offshore schemes is moderate, as evidenced by the integral index value of 47.50. In this context, the level of prevention of the use of offshore jurisdictions for the purpose of legalizing illegal capital is somewhat

weak; therefore, there is a need to strengthen preventive measures, cross-border cooperation, and customs control instruments.

The lowest scores were recorded for the effectiveness of countering cryptocurrency schemes, with an integral index value of 41.25. It has been established that the main problems in ensuring such countermeasures are a weak sanctions mechanism and the lack of regulation of cryptocurrency transactions. Equally important is the need to attract additional financial resources, which are limited in the current environment, necessary for the development of AML/KYC tools.

Summarizing the results of empirical studies, it should be noted that models developed for banking, offshore, and cryptocurrency schemes for legalizing (laundering) income demonstrate varying levels of effectiveness in countering such offenses. There is a need to strengthen measures to combat offshore schemes, for which it is advisable to improve the regulatory framework, increase the transparency of financial flows, and intensify international cooperation in the field of tax information exchange. It has been found that the most critical situation in Ukraine is the fight against cryptocurrency schemes for legalizing illegal capital, which is associated with the lack of sufficiently developed AML/KYC tools, weak institutional mechanisms, and limited sanctions.

With the change in objective circumstances, there was a rapid transformation of banking regulation. As of June 2024, the above-mentioned Resolution No. 18 provides for measures aimed at regulating and ensuring the smooth existence of the financial and credit sector within the legal regime of martial law. The Resolution establishes a large number of rules aimed at ensuring that every individual has the opportunity to dispose of their funds in bank accounts, especially in the current conditions of war. This particularly applies to money transfers, non-cash payments, cash withdrawals, etc. The establishment of such rules is one of the important aspects of ensuring the stable functioning of the banking system of Ukraine in the current conditions.

It is noteworthy that the changes aimed at enabling individuals in Ukraine to properly dispose of their funds during martial law also include amendments to the Law of Ukraine "On Enforcement Proceedings" No. 1404-VIII dated 02.06.2016 (Pro vykonavche provadzhennia, 2025). This provision concerns the authorization of debtors—individuals whose funds were confiscated by decision of the authorized state bodies authorities within enforcement proceedings—to carry out expenditure transactions from their current accounts, provided that the total amount of such transactions does not exceed twice the statutory minimum wage per calendar month, as determined by the Law on the State Budget of Ukraine as of January 1 of the relevant year. Additionally, it permits the payment of taxes and fees irrespective of the imposed seizure, on the condition that the respective current account is designated for expenditure operations. This provision demonstrates the state's desire to enable individuals who are debtors in enforcement proceedings to use their funds in bank accounts that have been seized in the relevant enforcement proceedings.

We believe that the measures outlined above have two vectors: first, to ensure that every citizen of Ukraine, as part of Russia's large-scale sabotage, can properly exercise their right to use their funds in bank accounts; second, to ensure the smooth functioning of the country's financial and credit system through state regulation of the latter and banking regulation.

The banking system is one of the fundamental components of the national financial system. It not only ensures the storage and circulation of funds but also promotes lending, investment, and overall economic development. During martial law, when economic uncertainty reaches its peak, maintaining the stability of the banking system becomes even more important. This period is marked by an increase in military spending, a decline in investment activity, and a potential outflow of capital. Therefore, state influence on the financial and credit sector in a state of martial law and the pursuit of European integration plays a decisive role, which is the subject of scientific interest among scholars and practicing lawyers in this field.

In their study of state regulation of the banking system under martial law, N. Sokrovska, A. Korbutiak, and others analyze the key mechanisms of the state regulator's influence on the functioning of the banking sector in wartime (Sokrovska & Danik, 2023). The researchers emphasize that the impact of government policy on the development and stability of the banking system in wartime is complex and must be implemented by identifying urgent anti-crisis management tasks and laying the groundwork for post-war recovery. The authors note that the state, as a regulator, faces the task of solving both localized micro-level problems related to the shortage of qualified personnel and insufficient branching of the banking infrastructure, as well as systemic macro-level dysfunctions covering the general mechanisms of the financial sector's functioning (financial sector stability, national security). In order to solve these problems, the researchers note the need for the regulator, central authorities, and other stakeholders to adopt micro- and macro-level indicators.

It is noteworthy that the authors emphasize that despite Russia's full-scale invasion of Ukraine, citizens still trust state-owned banks with their deposits more than others. They confirm this with the following data: The Percentage of savings

of individuals in state-owned banks in general for the third quarter of 2022 amounted to 59.8% of the total volume of term preservation of citizens' deposits in national banking institutions, compared to 55.9% as of 2021.

At the same time, we would like to emphasize that the above-mentioned provision of Resolution No. 18 of the NBU Board "On the operation of the banking system during the period of martial law" dated February 24, 2022, emphasizing that banking institutions are tasked with ensuring the uninterrupted operation of their branches if this does not directly threaten the safety of citizens, obviously cannot be properly implemented for objective reasons. In particular, given the extensive destruction, active hostilities, and occupation, the number of bank branches is decreasing. In their study, the scientists also focused on the reduction of the banking sector infrastructure in wartime conditions. In particular, the authors note a trend towards a decrease in the number of structural divisions of banks: in 2022, their number decreased to 5.5 thousand units compared to 6.7 thousand units in 2021, which corresponds to a decrease of 17.9%. A similar decrease was observed in the field of payment infrastructure - the number of POS terminals in 2022 decreased to 355 thousand from 439 thousand in 2021 (a decrease of 19.1%). A decrease in the number of ATMs was also recorded: from 33.6 thousand in 2021 to 28.4 thousand in 2022 (a decrease of 15.6%). Nevertheless, the number of active payment instruments remained relatively stable during 2022 (Sokrovska et al., 2023, p. 47). Thus, scientists, taking into account the statistics they provided, state that the infrastructure of the banking system is clearly shrinking, while the trust of individuals as bank customers is not characterized by a significant decrease.

Regarding state regulation of the banking system on the national economy in times of crisis, which can include war, it was the subject of research by I. Lomachynska, O. Krukhmal, and others (Lomachynska & Pohorila, 2023, p. 8). Scientists note the need to form theoretical and methodological foundations and practical measures for state regulation of the role of the banking sector in the national economy in times of crisis to ensure the effectiveness of the latter's functioning in these conditions.

The issues of customer orientation as an important aspect of ensuring the activities of banks remain outside the attention of scientists; observance of human rights as the owner of funds (client) accumulated in bank accounts; the impact of changes in the regulatory framework of the banking system under martial law on citizens (individuals), which are extremely important in the context of our study.

In our opinion, the possibility of applying the seizure of funds of individuals in bank accounts to persons who have violated the legislation on mobilization (the so-called "evaders") is precisely an example of a violation of the above principles.

National legislation provides for three main cases of seizure of funds of individuals in bank accounts, namely: 1) in the case of enforcement proceedings (measures for the forced execution of decisions); 2) in the case of financial monitoring (detection of suspicious financial transactions); 3) in the case of criminal proceedings, as well as proceedings in courts of other subject jurisdictions.

Seizure of funds of individuals in bank accounts during enforcement proceedings

Article 10 of the Law of Ukraine "On Enforcement Proceedings" (Pro vykonavche provadzhennia, 2016) provides for a list of measures for the enforcement of decisions, including a ban on the debtor's right to own, use, or dispose of his property, including monetary funds. In particular, in accordance with Clause 7 of Part 3 of Article 18 of the aforementioned Law, the bailiff is granted the right to impose an arrest, including funds held in bank accounts, during the execution of enforcement proceedings. Article 56 of the Law of Ukraine "On Enforcement Proceedings" determines the purpose, procedure, and term of imposing an arrest, including funds held in bank accounts. A bailiff (public or private) seizes the debtor's funds held in bank accounts by issuing a ruling on the seizure of property (funds) or a ruling on the inventory and seizure of the debtor's property (funds). The purpose of such an arrest is disclosed in Articles 10 and 56 of the said Law, namely: 1) implementation of a measure of compulsory execution of the decision and, accordingly, 2) facilitating the practical implementation of a judicial act.

The arrest of funds of individuals held in bank accounts, i.e., the unblocking of the relevant bank accounts in enforcement proceedings, is carried out in the following cases: if the court decision establishes that the arrested funds belong to another person, not the debtor. On the basis of such a court decision that is binding and enforceable, the relevant (state or private) enforcement agent shall, no later than the next day after he becomes aware of such circumstances, by issuing a resolution, lift the arrest imposed on the funds; if the relevant bank / non-bank payment service provider informs the enforcement agent that it is prohibited to levy a fine on the relevant funds in the account taking into account the requirements of the Law of Ukraine "On Enforcement Proceedings", as well as in the case provided for by paragraphs 10, 15 of part one of Article 34 of the said law. On the basis of the specified documents and those provided by the bank / non-bank payment service provider, the relevant enforcement agent shall, by the end of the next business day after the date of receipt of the

relevant information/document, lift the seizure of funds by issuing a resolution; if the state enforcement agent has violated the legal procedure for imposing a seizure. On the basis of the violation identified by the resolution of the head of the relevant subdivision of the enforcement authority, to which the state enforcement agent is directly subordinate, the seizure of the debtor's monetary resources will become invalid.

In addition, the seizure of funds of individuals held in bank accounts shall be lifted under the following conditions: the enforcement agent receives documentary confirmation that the debtor's account has a special use regime and/or levying a fine on such funds is prohibited by law; receipt of funds collected from the debtor to the funds shall be transferred to the account of the enforcement authority – a state or private enforcement agent – within the limits of the amounts necessary to fully satisfy the claims of the creditors, pay the enforcement fee, compensate for the costs associated with the enforcement proceedings, and pay the penalties imposed on the debtor.; receipt by the enforcement agent of a court decision on the cancellation of measures to secure the claim; repayment of the debt for the payment of periodic payments, if the execution of the decision can be ensured in a way other than by levying a levy on the debtor's property; by court decision, etc.

Seizure of funds belonging to individuals in bank accounts in the event of suspicious transactions being detected during financial monitoring

The Law of Ukraine "On Prevention and Counteraction to the Legalization (Laundering) of Proceeds of Crime, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction" No. 361-IX of December 6, 2019 (Pro zapobihannia ta protydivu lehalizatsii (vidmyvanniu) dokhodiv, ..., 2019) establishes the principles governing the imposition of asset freezes based on the outcomes of financial monitoring. Entities engaged in primary financial monitoring – particularly banks – carry out such monitoring through the mechanisms for detecting, preventing, and neutralizing the legalization of criminal proceeds, including instruments for preventing the financing of terrorist activities and the financing of the proliferation of weapons of mass destruction. Employing a risk-based approach, they conduct due diligence procedures to assess and manage potential risks. Consequently, as a subject of primary financial monitoring, the bank performs functions to prevent and counter terrorist activities by identifying and freezing assets directly or indirectly related to terrorism or its financing, the proliferation of weapons of mass destruction and its financing, and/or to suspend financial transactions linked to such activities.

The freezing of assets is carried out by the subject of primary financial monitoring entities, in particular banks, who shall take appropriate action immediately and without prior notification to the client, in order to prevent the possible withdrawal or concealment of assets. A person can find out about such freezing of assets by submitting a written request and, accordingly, receive a written response to the specified request.

Unfreezing of assets is carried out immediately under such conditions:

1. The person shall be removed from the relevant list of individuals associated with terrorist activities or subject to international sanctions within a period not later than the next business day following the date of such exclusion.
2. If the Security Service of Ukraine notifies the bank that a person with identical or similar personal details (name, surname, etc.) to a person included in the list of persons associated with terrorist activities or subject to international sanctions and whose assets have been frozen, shall be deemed not to be included in the said list, the bank shall, no later than the next business day after receiving such information, take appropriate action to unfreeze the assets of such a person.

Regarding the suspension of financial the bank has the right to temporarily suspend transactions subject to primary financial monitoring if they are deemed suspicious, and is obliged to suspend such financial transactions in cases provided for by law in cases where there is reason to believe that they exhibit elements of a criminal offense as defined by the Criminal Code of Ukraine, without prior notification to the client, suspend the execution of such transactions and must do so within two business days from the date of suspension inclusive. Furthermore, the duration of such suspension may be extended for a period of up to seven business days. Suspension of one financial transaction that is considered suspicious may also lead to the suspension of expenditure. Financial transactions are suspended for a period not exceeding seven business days.

Suspension shall be subject to termination in cases where the specially authorized entity responsible for its implementation, during the period of continued suspension of the respective financial and/or expenditure operations, carried out analytical activities and collected the necessary supplementary information, processed, verified, analyzed, and identified the following results:

1. If there is no confirmation that the transactions are related to money laundering, terrorist financing, or other criminal offenses, the authorized body must lift the suspension immediately, but no later than the next business day, and notify the main financial monitoring authority thereof.
2. If during the period of extension of the suspension of the relevant financial transactions (expenditure financial transactions) during the pre-trial investigation, law enforcement authorities establish that there was no criminal offense or that the act did not constitute a criminal offense, then the specially authorized body, upon receiving such information, is obliged cancel the decision to extend the suspension of relevant financial transactions (including expenditure) and immediately notify the primary financial monitoring entity thereof.

Having canceled its decision to suspend financial transactions, the specially authorized body shall notify the relevant bank, the client of which is an individual. Accordingly, the bank, as the subject of primary financial monitoring, shall resume conducting financial transactions within the period established by law, depending on the circumstances, for example, on the third business day from the date of suspension of the financial transaction in the event of failure to receive a decision of the specially authorized body on further suspension of the financial transaction.

Seizure of funds in bank accounts within criminal proceedings

The specified case provides for the seizure of property, including funds of individuals held in bank accounts, in criminal proceedings. The specified issue is regulated by Chapter 17 of Section II. Measures to ensure criminal proceedings of the Criminal Procedure Code of Ukraine (Kryminalnyi protsesualnyi kodeks Ukrainy, 2013). The seizure in the specified case is a measure to ensure criminal proceedings, which is aimed at fulfilling the task stipulated in Article 2 of the Criminal Procedure Code of Ukraine.

In accordance with Article 170 of the Criminal Procedure Code of Ukraine, the seizure of property, including funds held in bank accounts, is permitted. In this case, the arrest is imposed on the basis of a ruling of an investigating judge or court and provides for the temporary deprivation of a person. Restrictions on the rights to alienate, dispose of, and use property (funds) that may be evidence of a criminal offense or subject to confiscation, civil claims, or recovery of illegal gains. The arrest in this case is imposed by the relevant decision of the judge conducting the investigation or of the court, on the basis of a petition for the seizure of property filed either by a prosecutor or an investigator on behalf of the prosecutor, or by a civil plaintiff.

In criminal proceedings, the seizure of funds serves as a procedural mechanism aimed at safeguarding physical evidence, enabling the application of special confiscation, enforcing confiscation of property as punishment or a criminal law measure against legal entities, ensuring restitution for harm caused by a criminal offense through a civil claim, and facilitating the recovery of illicit gains obtained by a legal entity.

The cancellation of the arrest is based on a decision of the investigating judge or court at the request of interested parties or a representative of a legal entity in the proceedings. In the event of the closure of criminal proceedings by the prosecutor, the latter shall cancel the arrest of such funds, if they are not subject to special confiscation.

In civil and commercial proceedings, the seizure of property, including funds in the accounts of individuals in banks, is provided for by the provisions of the Civil Procedure Code of Ukraine (Chapter 10. Securing a claim) (Tsyvilnyi protsesualnyi kodeks Ukrainy, 2025) and the Commercial Procedure Code of Ukraine (Chapter 10. Securing a claim) (Hospodarskyi protsesualnyi kodeks Ukrainy, 2025). The seizure of funds in the above-mentioned legal proceedings is also used as a measure of security, in particular of a claim. Both Part 2 of Article 149 of the Civil Procedure Code of Ukraine and Part 2 of Article 136 of the Commercial Procedure Code of Ukraine stipulate that security measures, in particular the seizure of funds held on the accounts of individuals, shall be applied if their non-application may substantially hinder or render impossible the enforcement of a court judgment, or the protection or restoration of the plaintiff's violated or disputed rights and interests, as well as on other grounds provided by law. Thus, the considered cases of seizure of funds on accounts (see Table 3) are compulsory security measures. These are to ensure: first, the fulfillment of the debtor's obligation; second, the achievement of measures to prevent and combat money laundering, terrorist financing, and the proliferation of weapons of mass destruction; third, the achievement of the task of criminal proceedings; fourthly, the claim (claims).

Table 3. Application of seizure of funds of individuals in bank accounts.

Sphere	Meaning/legal nature	Goal
Enforcement of decisions	Enforcement measure	1. Implementation of such a measure; 2. Ensuring the actual implementation of the decision.
Implementation of financial monitoring (FM)	Anti-money laundering measures, etc.	Measures to prevent and combat money laundering, terrorist financing, and the proliferation of weapons of mass destruction (global goal)
Criminal proceedings (CP) / proceedings in courts of other subject jurisdictions	Security measure for civil liability/type of security for the claim	Fulfilling the tasks of the CP, namely: (1) preservation of material evidence; (2) special confiscation; (3) confiscation of property as a type of punishment/measure of a criminal law nature; (4) compensation for damage. Ensuring the execution of the court decision / effective protection/restoration of the violated or contested rights or interests of the plaintiff.

Seizure of funds belonging to individuals in bank accounts to ensure the fulfillment of military service obligations by conscripts and reservists

The Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Certain Issues of Military Service, Mobilization and Military Registration" has added to the Code of Administrative Procedure Article 2832, which specifies the features of proceedings in cases based on claims of the territorial recruitment and social support center (Pro vnesennia zmin ... shchodo okremykh pytan prokhodzhennia viiskovoi sluzhby, ... 2024). In accordance with this provision, it is established that the territorial recruitment and social support center, if a citizen voluntarily fails to fulfill the obligation (obligations) specified therein within 10 calendar days from the date of delivery of the claim, shall apply to the court with a statement of claim for the court to impose a temporary restriction on such person's right to drive a vehicle during mobilization. The first draft of the Law provided for the seizure of funds and other valuables of an individual that were in accounts and stored in banks or other financial institutions for a period until such person fulfills the requirements of the territorial recruitment and social support center to fulfill the duty (duties) of a conscript or reservist. It is significant that, as of June 14, 2024, the indicated draft proposals were not supported by the legislator, and today the Code of Administrative Procedure does not contain provisions that would allow the use of such seizure of funds. However, one that requires close attention is the problem of determining the legal nature of such a seizure. What is the nature of the specified coercive measure? Is it a security measure? Given that the draft law, which proposed to supplement the Code of Administrative Procedure with Article 2832, had a reference to Article 27 of the Law of Ukraine "On Mobilization Preparation and Mobilization" No. 3543-XII dated 21.10.1993, which is called "measures of influence", can such an arrest be considered a measure of influence? By the way, the Main Scientific and Expert Department of the Verkhovna Rada of Ukraine, in its conclusion to the specified draft law, also called the specified type of arrest a measure of influence. In the European legal tradition, the financial stability of the banking system and the protection of the right to property are fundamental elements. The establishment of coercive measures, such as the seizure of accounts, without clearly regulated limits and procedural guarantees, may call into question Ukraine's compliance with the *acquis communautaire* standards in the field of economic and financial regulation. This, in turn, creates risks for full progress on the path of European integration, particularly in the context of meeting the economic stability criteria, which are fundamental for further integration into the EU single market.

In the process of the gradual implementation of European legislation in the financial sphere, the issue of the sustainable development of the financial and credit sector has a clear gradation. European standards provide for mandatory compliance with the principles of legal certainty, proportionality of measures, and prevention of excessive administrative influence on private property. In this context, the use of seizure of funds of individuals solely on the basis of an administrative offense, without proper judicial control, can be considered a deviation from the practices recognized by the European Court of Human Rights.

DISCUSSION

The subject of discussion is precisely the legal nature of the seizure of funds as a measure of influence on conscripts and reservists. At the same time, in our opinion, there is a contradiction between the content of such a measure in the field of mobilization and existing cases of its application. To confirm our position, it is worth paying attention to the conclusion of the Main Scientific and Expert Department of the Verkhovna Rada of Ukraine regarding comments on the measure of influence under consideration.

The Main Scientific and Expert Directorate of the Verkhovna Rada of Ukraine (Scientific and Expert Conclusion, 2024) draws attention in its conclusions to a number of contradictory aspects regarding the legal nature of the proposed measure in the form of seizure of funds of individuals who evade mobilization:

1. This measure is a form of coercion applied to persons who have not fulfilled their obligations under the law of Ukraine "on mobilization preparation and mobilization."
2. The measure under consideration can be regarded as a type of legal liability, as it has the characteristic features of the latter: it is carried out on behalf of the state, provides for coercive consequences for the individual, is applied for offences, and is formalised in accordance with the established procedural order.
3. The initiative to introduce such a measure provides for its application outside the existing procedures for bringing persons to legal liability (civil, administrative, or criminal) under Ukrainian law.
4. Even if the court decides to apply this measure, the procedure itself lacks proper legal regulation, which raises a number of concerns.
5. Of particular concern is the fact that it is proposed to apply a new form of liability, ignoring existing legal instruments that already provide for mechanisms to influence offenders, administrative liability for failure to comply with the lawful requirements of a public authority or its official.
6. Current Ukrainian legislation already contains provisions on administrative and criminal liability for violations of mobilization obligations, with decisions on bringing a person to justice being made within the framework of legal procedures that guarantee respect for their rights and freedoms and provide legal safeguards against abuse by the state.
7. However, the proposed mechanism for freezing funds does not provide effective protection for individuals against possible abuse by authorities, territorial centers for employment and social support, in the event of unlawful or unjustified application of measures.
8. It is also important to note that the current legislation already contains measures that may be similar in content to the one under consideration, but they function within civil, administrative, or criminal proceedings as auxiliary instruments for ensuring the fulfilment of procedural obligations, rather than as an independent means of direct coercion to comply with the requirements of a particular state authority, etc.

The above arguments appear logical and thoroughly explain the inappropriateness of such a measure as the seizure of funds belonging to individuals in bank accounts for failure to fulfill their obligations in the field of mobilization. Such a measure does not fall under any type of legal liability and is not an institution for securing, for example, the enforcement of claims or ensuring the execution of criminal proceedings, etc. In other words, it does not comply with the established provisions of national legislation. In addition, the application of such a measure outside the established procedures deprives the person of the opportunity to defend themselves and of the adversarial nature of the proceedings.

Undoubtedly, the provision under analysis, which remains at the draft stage, is a compelling reason to involve academics and practitioners in the discussion. The latter should include the following provisions:

1. Legal education (awareness) of the population is a guarantee of better law enforcement and a personal guarantee against arbitrariness on the part of the state.
2. Arbitrariness (in law-making and law enforcement) is one of the factors that also affect the efficiency of the national economy and financial security.
3. The seizure of funds in bank accounts is/may be a reason for a decline in the trust of individuals – customers in banks and the banking system, etc.

The freezing of individuals' accounts, which is taking place under martial law and increased control over compliance with mobilization legislation, creates risks of additional strain on the banking system. Systematic account blocking, especially for minor violations, leads to a loss of customer confidence, an increase in cash circulation, and the activation of the shadow financial sector, which is incompatible with the principles of financial transparency enshrined in the European integration strategy.

Within the framework of the Association Agreement between Ukraine and the EU, Ukraine has committed itself to implementing the provisions of Directive 2014/59/EU (Directive of the European Parliament and of the Council, 2020) on bank

recovery and resolution mechanisms, which provides for the preservation of the stability of financial institutions even in times of crisis. The use of instruments that undermine the deposit base is contrary to such approaches.

In addition, a banking system focused on long-term stability must be protected from sudden shocks that undermine the balance between the state's supervisory functions and the economic autonomy of financial institutions. Mass blocking of accounts as a means of administrative pressure on citizens could potentially destabilize the deposit base of banks, which is a key source of liquidity in times of crisis. This scenario is critically undesirable given Ukraine's need to meet the Maastricht convergence criteria, which require banking sector stability as a condition for economic integration into the EU.

The blurring of the line between fiscal expediency and banking security poses a particular threat. If the mechanism of seizures is used not as an isolated measure but as a mass tool for replenishing the budget through fines, this distorts the purpose of banks as an instrument of development, turning them into a channel for the implementation of exclusively administrative functions of the state. This contradicts the logic of a market economy enshrined in the Association Agreement with the EU.

CONCLUSIONS

Summarizing the results of the study of changes in the Ukrainian banking system under martial law, as well as their impact on individuals, bank customers, particularly in the context of the possible introduction of a new type of seizure of funds in accounts for violations of mobilization legislation, several key points should be emphasized.

Access to banking services is a prerequisite for the stability of the banking system during a crisis. Ensuring that individuals have the opportunity to own and dispose of their own funds should be a priority of anti-crisis regulation in the banking sector.

The effectiveness of financial law enforcement depends on the quality of legislative technique. Imperfect legislative initiatives, especially those that are potentially arbitrary in nature, can pose serious risks to the rights of individuals. Positive legislative practice should be based on the presumption that it is impossible to propose a norm that contradicts fundamental legal principles.

On the one hand, the state proclaims its intention to provide citizens with stable access to banking infrastructure, but on the other hand, it allows for the regulatory formation of questionable legal mechanisms of influence that can be used in a way that undermines confidence in the legislative authority and the banking system itself.

An analysis of the example of the seizure of funds for violating mobilization rules indicates the low quality of regulatory drafting, which creates a basis for violating the principles of legality, the rule of law, legal certainty, and the protection of property rights. This approach is incompatible with universally recognized standards of human rights protection.

The introduction of seizure of funds in bank accounts as a measure of influence for violation of mobilization duty carries a high risk of being recognized as contrary to both national legislation and international human rights standards. The practical consequences of this are an outflow of funds from banks, an increase in shadow cash payments, a reduction in the deposit base, and potential shadowing of the economy.

Particular attention should be paid to ensuring that national policy on financial sanctions is consistent with European standards of the rule of law. As part of its European integration, Ukraine is obliged to ensure legal certainty, protect property rights, and prevent excessive state interference in the private sphere. The widespread use of account seizures without clearly defined procedural guarantees may be seen as a violation of European Union standards in the field of human rights and financial stability, and may also affect the confidence of international partners and depositors in Ukraine's banking system.

Therefore, the effectiveness of administrative liability, in particular the seizure of accounts, is ensured by adherence to the principles of legal certainty, proportionality, and fairness. In the context of European integration, not only the protection of individual rights but also the assurance of macroeconomic and financial stability is of particular importance. Excessive use of seizure measures against individuals' accounts, without taking into account the risks to the banking system, can undermine confidence in financial institutions, reduce the volume of deposits, and complicate the achievement of strategic goals within the framework of Ukraine's European course. That is why the search for a balanced approach between defense needs and financial stability standards in a democratic society should become a priority of state policy.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

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CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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АРЕШТ БАНКІВСЬКИХ РАХУНКІВ: ПРАВОВИЙ ЗАСІБ ЗАБЕЗПЕЧЕННЯ МОБІЛІЗАЦІЇ ЧИ ВИКЛИК БАНКІВСЬКІЙ СТАБІЛЬНОСТІ В УМОВАХ ЄВРОІНТЕГРАЦІЇ

Стаття присвячена комплексному аналізу правових, фінансових та економічних аспектів арешту коштів фізичних осіб на банківських рахунках у зв'язку з порушенням законодавства про мобілізацію в умовах воєнного стану. Досліджено нові виклики, які можуть постати перед банківською системою України у зв'язку з імплементацією такого інструмента адміністративного впливу. Особливу увагу приділено оцінці потенційних ризиків: скороченню обсягів депозитів, зниженню рівня довіри населення до банків, активізації тіньової економіки та відтоку капіталу з офіційного фінансового обігу.

Значна частина дослідження присвячена правозахисному аспектові проблеми. Акцентовано увагу на недосконалому нормотворчій техніці, відсутності належних процесуальних гарантій, наслідком чого є застосування арештів без належного судового контролю, що порушує принципи юридичної визначеності, верховенства права та права власності. Такі практики не відповідають європейським стандартам захисту прав людини, фінансової стабільності та правового регулювання.

У статті обґрунтовано, що практика арешту коштів за порушення мобілізаційного обов'язку без належного нормативного регулювання може перетворитися на інструмент фіскального тиску, що дискредитує фінансову систему та суперечить євроінтеграційному курсові України. Установлено взаємозв'язок між неякісним законодавчим підходом у царині мобілізації та ризиками дестабілізації банківського сектора. У висновках наголошено, що за відсутності прозорого механізму арештів такі заходи можуть спровокувати виведення коштів із банківських установ, зростання готівкових розрахунків і посилення тінізації економіки.

З огляду на вищевикладене, зазначено про необхідність комплексного перегляду відповідних норм із урахуванням принципів балансу між оборонними потребами держави та стандартами банківської стабільності в умовах євроінтеграції.

Ключові слова: правові засоби, банківське регулювання, банківська стабільність, арешт коштів фізичних осіб, примус, заходи забезпечення, юридична відповідальність, воєнний стан, мобілізація, євроінтеграція

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