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Time importance and significance during managing new projects

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Elenica Sofijanovska¹, Mare Stojanovska², Zlatko Bezovski³

¹ University Goce Delcev Stip, Faculty of Economics, elenica.sofijanovska@ugd.edu.mk

² University Goce Delcev Stip, Faculty of Economics, mare.208683@student.ugd.edu.mk

³ University Goce Delcev Stip, Faculty of Economics, zlatko.bezovski@ugd.edu.mk

Abstract

A modern working environment is constantly under time pressure; deadlines, constant presence and accessibility to clients and partners, work under pressure, everyone is in a rush taking its time to make things right in a given time, with correct results and outcomes – all of this making work and even private life stressful for a modern living. Dealing with this on a daily basis, must take part in everyone's life. This is where time management comes to its highlight – very important part, study, science – which helps individuals and teams to manage their time and make the best outcome from it, in a given timeframe and with achieved goals. Time management can be taken as a toll, used in everyday life, and especially in the science under project management. Success doesn't just happen. To make it happen, what is needed is to be productive and to work in an effective and efficient manner. Time management is about making positive results, working in an efficient way and achieving goals under given timeframe. Moreover, time management is a skill that everyone should strive to improve. Distractions are faced every day, and it is now more challenging than ever to manage with the available time and stay focused. On a daily basis, taking small steps to learn time management skill is enough as to make personal and work life easier. Using some techniques like setting priorities, breaking tasks into smaller parts and minimizing distractions could reduce stress, increase productivity and result in achieving goals more efficiently. Time is a very valuable resource, and its management can help in achieving success in both fields – personal and professional.

Keywords: management, project, results, schedule, time

1. Introduction

Time by definition, means taking actions under effective usage of time. The definition itself emphasizes that the focus is not only about usage of time, but rather finding effective ways and behaviors that aim at achieving certain goals during time usage:

"Behaviors that aim at achieving an effective use of time while performing certain goal-directed activities," [Claessens, 2005]

A project, by its definition, has defined start and end dates. This by default makes time and its management a very important part from science about project management.

Time management during implementation of projects, no matter if product or service output needed, seems to be the most significant condition that needs to be followed and tracked, as the outcome of the project is positive.

"One day's delay is another day's lack of progress." – Stuart Bowen.

According to many studies and research made in the field of project management, important percent of failures that should be taken in consideration of the new projects – delays with the deadlines which means that there was no correct time managing during project implementation.

The PMI Pulse of the Profession survey found that nearly 43% of completed projects exceeded the original budget and 48% missed the initial deadline. [1]

This impacts the time management meaning and its importance to the project implementation.

2. Time Management

By definition, time management is a process that help time planning during project implementation, under which work tasks are scheduled, broken down in smaller pieces and controlled during project, as positive product result – outcome can be achieved in a requested timeframe.

Time management takes a few steps and processes that need to be implemented, named project time management elements, as the project can be finished on time with the requested quality and characteristics. [2]

These processes are as follow:

- Defining activities

Process including defining activities which needs to be done in order to achieve project deliverables. Main tools and techniques used for defining activities are: decomposition, rolling wave planning, templates and expert judgement. [3]

- Sequencing activities

Process known as defining and identifying relationships in between project activities, it can be done with software or manually. [4] Lead and lag times found in a specific projects, are relationships found during sequencing activities.

- Resource estimation
- Estimation of activities duration
- Develop schedule
- Control schedule

2.1 Time Management Benefits

Poor project time management leads to missed deadlines and project failures. On the other hand, there are many reasons and positive outcomes from effective usage of project time management. These benefits apply equally to the business and for the employees. [5]

Some of them as follow:

- Stress reducing

Work stress is a constant presence, affecting both mental and physical well-being. A significant 80% of workers encounter stress in professional lives, while approximately 50% seek assistance to manage this stress. [6]

Time management is an effective way of stress reducing. Effective planning of a working day and time planning with tasks scheduling, helps with and prevents the stress.

Latest study conducted by the International Labor Organization (ILO) found that over 36% of workers worldwide feel overwhelmed by their workload. This is more than an indicator that time management skills need to be improved to reduce stress levels and improve overall productivity. [7]

- Increased productivity

Time planning and knowledge of tasks deadlines as to set up priorities, helps to increase efficiency, effectiveness and productivity of the work. Once the priorities are set up, then the most important tasks will be finished first so, this way the needed amount of time will be dedicated to each activity.

- Better working standards

Finishing work assignments according to the developed schedule will make more free time for employees and managers for training, upgrading knowledge and improving skills.

Well trained project team members will know how to handle work assignments in a given timeframe.

- Improved reputation

Project managers with successfully finished projects behind them are very trustworthy and very appreciated by their team members.

Successfully finished projects with requested outcome quality and preserved deadlines, improves not only the project manager reputation but, on a complete company as well.

Increased positive visibility can be added here as well. [8] Great project time management performance makes a difference and, it has influence how project managers can be perceived by others within organization. It affects the differentiation of people, making it more likely that someone will succeed in their career more than the others.

- Efficient resource and finances management

Efficient management with the budget for the project can be applied only to good time management. Stakeholders and initiators of the project would like to invest and spend their money on a trustworthy project, with the team behind that promises project results in a timely manner.

- Balance between work and private live

Better organized work and project schedule help with improved live quality. It makes good organizational skills but at the same time relaxed and enjoyable private life.

3. Challenges of Time Management With The Projects

Time is money and, sometimes It feels impossible to manage time in order to catch the deadlines or achieve goals. Few techniques are known to be helpful regarding project time management: Pareto analysis, The Eisenhower Matrix and Pomodoro technique. [9]

- Pareto analysis

The 80/20 rule seems to appear in every area of human endeavor, especially in tasks. [10]

This technique is an old gold known as the principle of 80% of consequences coming from 20% of causes. It helps people prioritizing tasks and categorizing courses of actions according to their importance. This technique is used to identify the few factors that have the greatest impact on an outcome, result, quality, satisfaction or performance. It states that 80% of a project's benefit are achieved from 20% of the work, or conversely, 80% of problems can be tracked from 20% of the causes. Ability to clearly identify those important 20% and firstly act on them, can help a person to determine a success in a career.

- The Eisenhower Matrix

Prioritizing tasks is a smart tool that can be used in order to schedule tasks in accordance with importance and urgency.

The Eisenhower Matrix is a simple decision-making tool that helps project managers prioritize the tasks under following statuses: urgent, not urgent, important and not important.

Here below Is shown the Eisenhower matrix:

Table 1 Time management matrix (Eisenhower matrix)

	Urgent	Not urgent
Important	Urgent and important (Do first)	Not urgent but important (Do next)
Not important	Urgent and not important (Do later)	Not urgent and not important (Don't do)

According statistics, Eisenhower Matrix except helping prioritizing task during time management, also helps team members to feel more confident about goals achieving:

“50% of people who use the Eisenhower Matrix to manage their time report feeling in control of their work daily, making it the most effective time management system.” [11]

- Pomodoro technique

It is a time management technique that breaks time on a 25-minute time slot focused work (known as pomodoros) with 5-minute break. This method improves focus, minimizes distractions, prevents burnouts and boosts motivation. It is always easier to commit 25 minutes of work at a time then a whole afternoon of non-stop work. The Pomodoro time management strategy actively encourages regular breaks, which is good for intrinsic motivation and for the brain. [12] Research suggests that taking breaks makes people more creative.

4. Tips And Tricks

In the processes of time management, it is important to use some tips and tricks, to be applied on the project implementation as an assurance, that the project can be achieved to be finished on time and output is delivered under requested quality.

Milestones are an important part from time management. These points in the project schedule, if tracked well, could help the project team members to achieve goals on time. Some needs as overtime work and working on the weekends at the end timeline of the project, can be predicted and avoided since milestones are making constant feeling of urgency and some other alternatives could be considered timely instead.

Resource calendar helps a lot as well, since resources needs to be tracked and planned during project implementation. It is helpful to make calendar for the human resources and for the tools/machines availability. If some resources are unavailable on a specific date, or if the team member have many tasks scheduled at the specific date, the calendar will help managing this.

Optional or empty activities should be added to the project schedule, for unpredicted situations and unplanned delays during any task of the schedule. This may be the most helpful approach during project scheduling and defining its final dates. Allowing sufficient time for the scheduled tasks will be of much help when unfamiliar tasks will take longer than the predicted, planned time. It is always better to schedule sufficient time for unforeseen consequences than to search for alternative solutions in the last minute. [13] Planning some more time for responses to changes, unexpected situations and emergencies will make the schedule far more effective.

In these cases, additional resources will be welcomed as well – arranging more workers, work during weekends, rental of additional equipment – all of these options can be taken in account during a time of needs.

Top management approval and acceptance – for every project start up it is very important to have the executives commitment. [14] With skipped this step, there may be some groups that may resist in project implementation process, they may not participate fully this way causing project failure. All the project members must be into it, and having the top management support can assure that team can face the problems when and if they occur and, implementation will not met any resistance to change.

5. Time Management During New Project – Development of New Toy LED Hoops

Since new project planning and time management requires development of a schedule, the research results shown below impacted the importance of the time planning and time management for the project success.

As an example is taken a new toy development project with its planning phases, schedules and managing time for the project in order to avoid project failure and successfully deliver new toy on the market – Hola-hoops – i.e. LED hoops with LED lights inside, activating during the movement.

From this study is noticeable how small parts of the project can impact the project results with huge consequences. That's why, time planning of every project task is very important and deserves the amount of time taken to be planned right.

Here below are shown scheduled tasks per planned dates, starting with project start date and shown ending date as well:

Table 2 Shown dates for tasks from project management schedule

No.	Start Date	End Date	Task
1	10/1/2023	10/1/2023	Start date
2	10/1/2023	10/5/2023	Samples receiving
3	10/5/2023	10/10/2023	Inquire for mold maker price
4	10/10/2023	10/15/2023	Calculating price for the new product development
5	10/15/2023	10/25/2023	Accepting the offer
6	10/20/2023	11/19/2023	Design development
7	11/1/2023	11/16/2023	Mock up samples from the mold maker
8	11/25/2023	1/15/2024	Mold delivery from China
9	10/25/2023	11/25/2023	Ordering needed materials for production
10	1/15/2024	1/25/2024	First samples ready from proction
11	1/30/2024	2/9/2024	Product testing
13	1/25/2024	1/30/2024	Samples approval prior mass production
14	2/1/2024	3/2/2024	Mass production
15	2/10/2024	3/11/2024	Packaging
16	3/10/2024	3/15/2024	Shipment
17	3/31/2024	3/31/2024	End date

As shown in the table above, project beginning date for development of a new product is with initial date 01st October 2023. To be able to start developing a new product, a price should be calculated based on all costs including required weight and product dimensions, for which purposes the manufacturing company is required to receive samples from the product to consider the details. The next step is to request a quote for a new mold, from suppliers usually from China, because still in the section of technology they are the fastest and in terms of making molds and preparing an offer as well, except for the part with the transportation which is usually about 60 days.

The offer for the customer has already been calculated, offered and accepted by the end of the month – October 25th. From here, the development of the product design begins, and the marketing of the new product to all existing and potential customers as well.

The first mock-up samples from the mold maker have already been completed by November 15th, while the molds are delivered by the end of January, according to the mentioned, with estimated delivery in about 60 days.

In the meantime, the company is working on procuring all the necessary materials and manufacturing details of the new toy, such as: materials, colors, packaging displays as well as outer boxes and cartons for declarations. Pallets are also in the section of the purchase because according to the total quantity ordered by the customer, it is necessary to deliver a total of 15 truckloads of products.

At the beginning of February, the first completed, final products are already ready from production. From here, the process of testing the new product begins, because especially with toys, the regulations are quite strict in that regard.

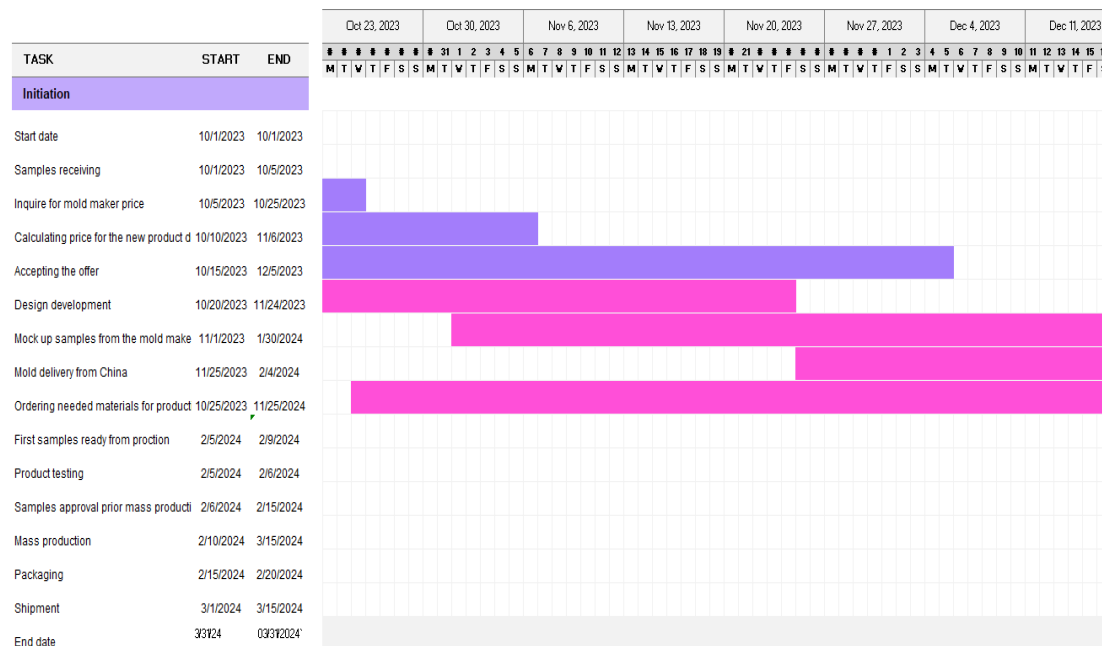
After receiving positive results in the reports, the first samples as the final finished product are sent to the customer, for confirmation before mass production of the entire ordered quantity. Mass production ends within 30 calendar days, i.e. starts February 10 and ends March 10th. The packaging of the finished product is carried out in the meantime, and the entire process in the factory is completed by the 15th March, when the goods are already completely ready for delivery.

Consequently, the delivery of the goods to the address of the client, and the project, officially ends on March 31st.

This was completely planned schedule for the new toy project.

Gantt table was developed accordingly, with shown activities time and schedule with timeframes:

Table 3 Gantt chart for project – development of new product



In consideration were taken few risks and most suspicious milestones, so it is fair and smart in this situation some additional time to be granted on a risky tasks.

In this case, project manager and team considered to have few risky tasks in regard of the time management, as follow:

- Packaging activities – some overtime work was taken in account during organizing schedule and planning activities time.

- Some activities are planned to be executed at the same time with parallel processing, in order to save time and making sure about finishing time deadline.
- Adding some additional time in planning certain activities, based on uncertainty because of external factors – suppliers production time, delivery delays etc. This is especially taken into account for the molds orders from China (long estimated delivery time), and supplying materials time.

While taking into account possible risks of the actual project, some alternative solutions must be developed and planned in case of happening the predictions. Project manager and team must be prepared for these risky situations and be prepared for taking actions in order to minimize effects immediately. If some of these risky situations happen, then it will be too late to think about possible solutions, because planning takes time as well. Till alternative solutions are found and estimated, the consequences will be already huge.

For this project, In the table below are shown estimated risks and some alternative solutions offered and selected as the best among the others:

Table 4 Risk assessment and alternative solutions

Risks	Level	Plan
1. Materials price change	Little possibility	1. Surplus material qty to be ordered under current price and be kept on stock
		2. Leave space in the offered price of the product to the clients because of the possible price increasement
2. Delays in deliveries from China	Most probably will happen	1. Organizing air transport instead
		2. Keeping space in delivery dates for the clients, suggested 60 days from order confirmation
3. Risk from not passing testing	Small possibility	1. Change supplier
		2. Change age grade

After alternative solutions were considered, it happened that the company must use one of them in order to keep the business with the client, finish the project successfully with planned results and keep the reputation at a high level.

It happened that the predicted risk of delay in supplies from China actually happens on a parts from the planned product needed for manufacturing – LED lights for the Hola-hoops. Without them, project could be freely considered as unsuccessful because, final result will not meet the required quality from the outcome. Other option, if there was no considered risk in the project planning and additional optional, empty activities weren't added in the schedule as the project can buy some additional time so later the company can use this as an alternative solution, project will not be finished successfully because of not meeting the requested deadlines.

The suggested alternative with air transport was applied as a solution, and there finally was a successful finish and closure of the project. Good time management and planning is essential. It means everything in project implementation since without it, it will be hard to plan and finish projects with positive outputs.

Parts from the product were already ordered at the supplier from China, however till complete production is finished, company needed to wait for additional two months for delivery of the parts. This is where air transportation came on scene – indeed it costs more than regular sea transport but, during the budgeting phase this risk was taken into account and additional resources were planned for unpredictable situations.

About time management for this project, in the time schedule with project tasks it can be clearly seen that planned time for this project task under risk was of about 30 days. Good planning and time management with the tasks during the project planning is significant in order to complete the project on time.

In case there was no any time management applied, mostly according to the managers experience and expectations made up from the previous projects, this project will not be finished on time and the company risks its reputation, future collaborations with this and other clients and additional costs for paying penalties because of the unfinished project on time and not delivered products on time.

Conclusion

Time management as a tool is an inevitable part of our lives and in science of course, specifically in project management. In order to increase productivity and to increase the chances of certain project to be finished on time and with real outcomes, time management needs to be applied. Prioritizing tasks, minimizing distractions, making breakdown structures for the tasks, constant control, good communication, risks forecasts – all of these are steps and processes can make work and life easier.

Time cannot be bought, and as shown in the actual project here, a delay of one day or two weeks no matter, can cause a catastrophic consequences per company. Because of the good time management and predictions based on a past experience, the project manager here was aware to add additional time planned for certain tasks, considered as most risky and critical.

This is one example of a successfully finished project because of the great time management applied, beside all those unsuccessful projects for which main reason of failure was shown to be not meeting the set up deadlines, in huge percentages.

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Application of environmental public health tracking systems in environmental public health

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Sandra Kostaska^{1,3}, Snezana Ivic-Kolevska^{2,3}, Jasmina Mecheska-Jovchevska⁴

¹Institute for Accreditation of Republic of North Macedonia, Skopje

²PHI Re-Medika, Skopje

³European University in Skopje, Faculty of dental medicine

⁴PHI University Institute for Clinical Biochemistry

Abstract

For environmental public health, the ability collect and use data is an essential service in addressing community environmental public health problems. Environmental public health tracking (EPHT) has been proposed and developed as an approach to public health surveillance when environmental factors affecting health are involved. There are a number of strengths of the EPHT approach including the use of existing public health surveillance systems. EPHT may also be more widely used in countries where quantitative risk assessment and epidemiological capacity and capability are limited. This surveillance can be carried out at the local level, for example at a community level, as well as nationally.

Kew words: environmental health, public surveillance, health tracking

Introduction

Development of industry and its products has brought many benefits to modern societies, including a reduction in average deprivation, although it has also generated a huge dispersion of hazardous materials, in many cases dumped in places where some of the most disadvantaged people live. Such pattern could engender potential harm to health and wellbeing attributable to chemical exposure and to socioeconomic deprivation^[1-3]. Additionally, public health agencies have recognised a responsibility for addressing health issues attributable to industrially contaminated sites (ICSs), by characterising the hazards released to the environment and mitigating any potential impact on human health attributable to those sites. There is an urgent need to identify the most suitable interventions aimed at prevention in affected communities, to facilitate a better social and economic development, while minimising population exposure to harmful compounds associated with ICSs.

Accordingly, information on the pollution of air, water, soil, food as well as consumer products may be used in more than one way to recognise multiple links with health, wellbeing and

environmental sustainability, and support activities directed at maximising these. For this to be feasible, appropriately aggregated and linked data needs to be shared with a wide range of users, who can both contribute and gain data and interpretative frameworks consistent with their respective sphere of activity. Legal, ethical, professional and technical aspects need to be addressed for such linkages to be feasible and for access to data by users who can contribute to relevant activities.

Traditionally, environmental health problems have been addressed by controlling a single pollutant or exposure. However, today's complex environmental health problems require more innovative and holistic solutions that address not only a single pollutant or exposure, but the multifactorial effects of the environmental and environmental change on human health, and the systems that guide those effects. Considerations also need to be made at the individual, local, national and international levels. Public health surveillance of ICSs is likely to play a role in supporting the capacity of society to monitor the harmful aspects of an ICS as well as providing a tool for documenting any benefit attributable to actions aimed at remediation or more widely regeneration of ICSs alongside their urban or rural context [4].

For environmental public health, the ability collect and use data is an essential service in addressing community environmental public health problems. Environmental public health tracking (EPHT) has been proposed and developed as an approach to public health surveillance when environmental factors affecting health are involved. EPHT can be defined as: "the ongoing collection, integration, analysis, and interpretation of data about environmental hazards, exposure to environmental hazards, human health effects potentially related to exposure to environmental hazards. It includes dissemination of information learned from these data and implementation of strategies and actions to improve and protect public health" [5].

There are a number of strengths of the EPHT approach including the use of existing public health surveillance systems. EPHT may also be more widely used in countries where quantitative risk assessment and epidemiological capacity and capability are limited. This surveillance can be carried out at the local level, for example at a community level, as well as nationally. Public health surveillance is a key tool in understanding the health profile of a community. Public health surveillance data can also be analysed to understand global patterns and differences in health outcomes. This paper aims to show how EPHT advances global health efforts by sharing recent global EPHT activities and resources with those working in this field and also describes some experiences of systems.

Environment and Public Health Tracking Can Help Environment and Health Integration

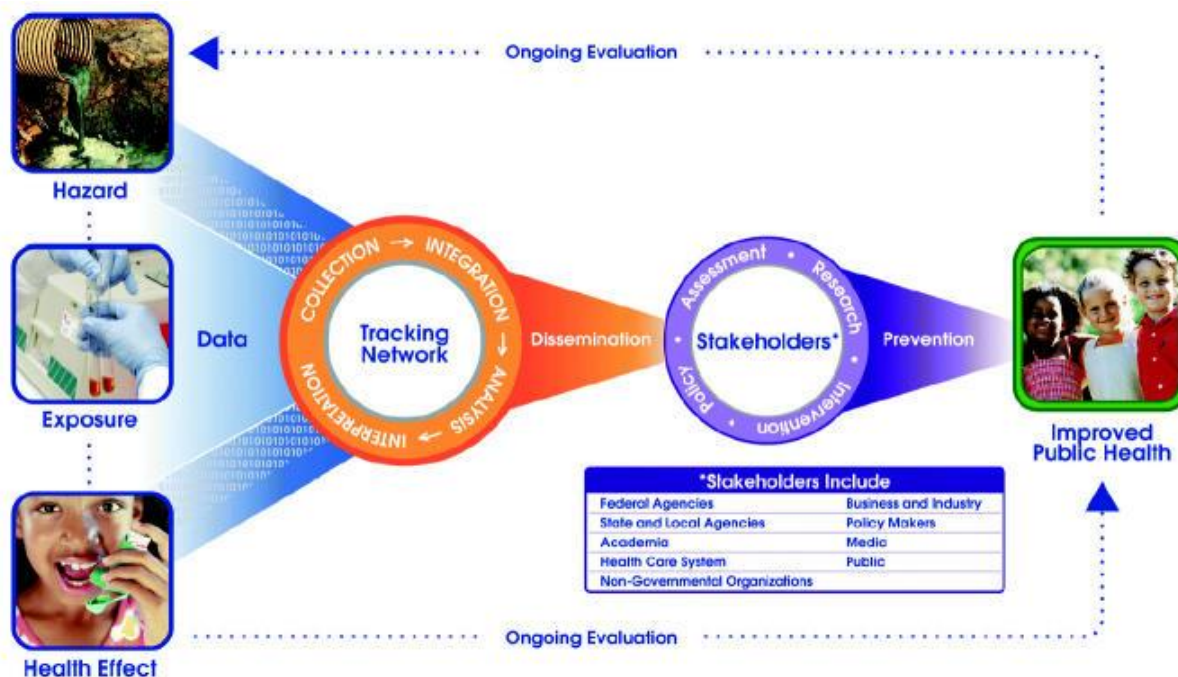
EPHT aims to promote a resilient society by analysing complex datasets, addressing different audiences and supporting environmental health messaging tailored to each audience: The public: information to support individual changes in attitudes and collective actions; Professionals and stakeholders: tailored information to health professionals, land planners, environmental managers and researchers; Decision-makers: integrated health and environmental information to inform decisions and create opportunities to reduce the multiplicative impacts associated with rapid urbanisation, globalization and climate/social/economic change. Such general and generic categories also include resource managers, planners, economists, conservationists, indigenous and locally impacted communities, community developers and many

other essential stakeholders. They are all strategically important, taking into account the dynamics which interrelates the two central issues on how population health may be improved: individual behaviour and social and economic factors [6,7].

As previously mentioned, environmental public health tracking is the ongoing collection, integration, analysis, and dissemination of data from these three components: environmental hazard monitoring, human exposure tracking, and health effect surveillance. EPHT aims to merge, integrate, analyse and interpret environmental hazards, exposures and health data (Figure 1) to provide information for public health decision-makers to reduce the environmental burden of disease.

Accurate and timely surveillance data permit public health authorities to determine disease impacts and trends, recognise clusters and outbreaks, identify populations and geographic areas most affected, and assess the effectiveness of public health interventions [8]. By effectively linking standardised environmental and health data in an ongoing manner, and translating it into meaningful information, EPHT can help to protect the health of the public.

Figure 1. Environmental public health tracking.



Source: INPHET: International Network on Public Health & Environment Tracking. Available online: <http://inphet.org/>

The EPHT approach strives to achieve its vision of “Healthy Informed Communities” by empowering environmental and public health practitioners, healthcare providers, community members, policymakers and others to make information-driven decisions that affect health while maintaining appropriate data protection measures [9]. According to Horton and Lo [10], now we need a global perspective, demanding “new coalitions and partnerships across many different disciplines”. These challenging objectives should be delivered from the perspective of providing

comprehensive integration within a “planetary” framework for environmental and public health outcomes; this must be considered the ultimate goal [11–13]. In summary, EPHT is an instrument which can support the cross-sectoral integration of information to assist decision-making in support of the greatest ambitions for global and planetary health outcome by means a comprehensive and ecological public health prevention approach.

Application of the EPHT

Martin-Olmedo et al. [14], reported that the application of EPHT has taken a number of forms, with a variety of terms used to describe it. For example, in Europe air pollution monitoring and modelling has been used as a tool for public health surveillance with little reference to EPHT terminology, while comparable activities in the USA have been developed using EPHT as a descriptor. Lead surveillance programmes in France and USA have been implemented as specifically designed surveillance activities, while in England it is part of an EPHT programme. In Italy, monitoring of mesothelioma as an indicator of exposure to asbestos has taken place, at times described as tracking, with successful results in terms of identification and management of a newly identified hazard. Other EPHT success stories of relevance to ICSs include using environmental health indicators for assessment and planning in Colorado.

The differences in terminology and topics across Countries reflect variation in history and culture. However, several shared dimensions have been agreed, such as the aim to provide public-health decision makers with timely, accurate, and systematic data to inform and develop policies that reduce environmental health burdens and prevent disease efficiently and cost-effectively. EPHT has been proposed as part of the ‘wicked’ solutions to the prevention and management of preventable non-communicable disease (NCDs) and protection and promotion of planetary health. Developing surveillance of ICSs using an EPHT approach may provide a framework for further documenting health and social impacts of existing sites, and for strengthening the capacity to attribute any changes in health to interventions in specific locations or across sites in the same sector.

United States Experience with EPHT

In 2000, the Pew Environmental Health Commission released a report on the state of environmental public health in the United States [15]. They recommended the development of a system to track and link environmental agents, exposures and related diseases because there was a lack of basic information that could document possible links between these factors. In 2002, the National Environmental Public Health Tracking Program (Tracking Program) was created at the Center for Disease Control and Prevention (CDC). Since its inception, the Tracking Program has worked closely with a community of funded state and local health departments to build capacity and infrastructure to develop the National Environmental Public Health Tracking Network (Tracking Network), an integrated network of environmental health surveillance data at the local, state and national levels. The Tracking Network currently provides surveillance data on 20 different environmental and health topic areas [16] and there are over 420 different environmental health measures that are publicly available. The application of these data is key to supporting

evidence-based decision making and public health actions within state and local programs to help promote healthy and informed communities. For example, at the national level, Strosnider et al. [17] examined the associations between ground-level ozone and fine particulate pollution and emergency respiratory visits for asthma, chronic obstructive pulmonary disease (COPD) and respiratory infections. While previous studies focused on single cities, the authors leveraged the data available via the Tracking Program to look at the association between air pollution and respiratory emergency visits across hundreds of U.S. counties. At the state and local levels, there have been efforts to use tracking program resources and/or data in establishing unique and diverse partnerships, developing innovative ways to use the data and resources, and identifying approaches to making the data more accessible, all to improve public health at the local, state and national levels [18].

Conclusion

The unique feature of the national EPHT network is the emphasis on data integration and standardization from all sources to improve data utility to the end user. With adequate funds, the EPHT network will provide valid scientific information on environmental exposures and adverse health effects that will bridge the existing data gap and provide a foundation for actions to improve community health.

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Characteristics of financial law

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Enida Cami, MSc

SPAK- Specialist administrative secretary
+3550682058006
thespotia_79yahoo.com

Abstrakt

Financial law is the law and regulation of the commercial banking, capital markets, insurance, derivatives and investment management sectors. Understanding financial law is crucial to appreciating the creation and formation of banking and financial regulation, as well as the legal framework for finance generally. Financial law forms a substantial portion of commercial law, and notably a substantial proportion of the global economy, and legal billables are dependent on sound and clear legal policy pertaining to financial transactions. Financial law may be understood as being formed of three overarching methods, or pillars of law formation and categorised into five transaction silos which form the various financial positions prevalent in finance.

Financial law is important because it promotes stability and integrity within the financial system by establishing regulations and safeguards. Financial law sets rules and guidelines for financial institutions, ensuring they operate in a secure and responsible manner. This helps prevent financial crises, protects consumers, and maintains confidence in the financial system. Financial law also provides a clear legal policy relating to all financial transactions.

Financial regulation can be distinguished from financial law in that regulation sets out the guidelines, framework and participatory rules of the financial markets, their stability and protection of consumers, whereas financial law describes the law pertaining to all aspects of finance, including the law which controls party behaviour in which financial regulation forms an aspect of that law. Financial law is understood as consisting of three pillars of law formation, these serve as the operating mechanisms on which the law interacts with the financial system and financial transactions generally. These three components, being market practices, case law, and regulation; work collectively to set a framework upon which financial markets operate.

Key words: stability, regulation, transaction, financial markets, interacts.

1. DEFINITIONS OF FINACIAL LAW

Financial law is a broad category that encompasses several legal fields to help ensure fair competition by protecting the financial interests of companies along with their investors. Antitrust laws, bankruptcy and [securities](#) law are a few of the most common legal fields associated with financial law.¹

- Antitrust laws refer to more [competition laws](#) that will protect consumers from anticompetitive mergers and business practices. The Federal Trade Commission (FTC) as well a number of private organizations will approve or reject deals they see as bordering anticompetitive practice. On the other hand, bankruptcy law explains the tax consequences and ways to avoid going bankrupt from small to large businesses.
- Securities law is mainly tailored to helping publicly traded companies get their financial data to investors and business stakeholders. The Securities Exchange Commission handles the majority of this part of law to make sure companies are complying with specific financial and reporting obligations.
- A more recent legal issue relating to finance law that has come into the media spotlight is political donations. The Federal Election Commission administers and enforces the laws related to the financial contributions to a political figure. Recent case law has come down from the Supreme Court as the government attempts to define this ambiguous sector of law.

Finance law sets standards and requirements for financial transactions and financial institutions. Its purpose is to protect all parties involved, such as depositors and investors, as well as the financial institutions themselves, by having transparent rules. It is applied by setting clear standards and then monitoring whether they are being followed, such as reviewing bank reserves to ensure enough is on hand to repay depositors or offer loans:²

- Finance laws include banking laws, antitrust laws, securities laws, and bankruptcy laws. Antitrust works to prevent monopolies, or one entity controlling a market. Securities law governs trading and disclosures around investments. Bankruptcy is when a person or business does not have the means to pay their existing debts, and the law works to restructure, repay, or remove these debts.
- Financial Law Components - Financial law spans many areas of business governing financial transactions. This includes:
 - ✓ Finance law covers all areas of financial transactions and institutions, including banking, securities, insurance, asset management, and other financial industries. Any monetary transaction is subject to regulation to protect all parties involved.

¹ UpCounsel, (2023), Finance Law Explained - Free Legal Resource on UpCounsel, <https://www.upcounsel.com/finance-law>.

² Study.com, (2023), What is Financial Law? | Study.com, <https://study.com/academy/lesson/what-is-financial-law.html>.

- ✓ Banking law is a subset specifically covering the banking industry. Banks deal with more regulation than most industries. Banking law governs what banks can and cannot do but also details reporting requirements as regulators analyze banks to ensure they are not taking undue risks and will be able to repay depositors in many different circumstances.
- ✓ Antitrust law seeks to make markets competitive with no one party having undue influence on prices or quantities exchanged.
- ✓ Securities law covers requirements for issuing and trading securities. It seeks to create markets that are fair to all participants, and part of this comes from governing what, how, and when information is shared.
- ✓ Bankruptcy law outlines options for individuals or businesses who cannot afford debts. The regulations either allow certain debts to be restricted or cover when assets have to be sold to pay debts.

In the complex world of finance, where every transaction and investment carries legal implications, understanding financial law is paramount. In the vast universe of finance, where fortunes are created and economic destinies are shaped, the role of law is profound and necessary:³

❖ Financial law serves as a guiding framework that not only ensures the ethical conduct of financial transactions, but also acts as a guardian of economic stability and investor confidence:

1. Basics of Financial Law. At its core, financial law is a comprehensive set of regulations that govern the behavior of financial institutions, markets and individuals. Financial law regulates the issuance and trading of securities, regulation of banking institutions. Financial law maintains the transparency, fairness and overall health of financial systems.

2. Securities, banking and beyond. Securities laws oversee the dynamic world of stocks and bonds, protecting investors from fraudulent practices. This complex interplay of laws extends to derivatives, consumer protection and financial crime prevention, creating a multifaceted legal landscape that requires attention and understanding.

3. Compliance. Compliance with financial laws is the backbone of a robust and reliable financial system. Compliance protects investors, protects them from fraud and maintains market stability. Failure to comply with financial law can have far-reaching consequences, from large fines to irreparable reputational damage.

❖ Financial law encompasses a wide range of regulations designed to ensure the fair, transparent, and secure functioning of financial markets. Financial law serves as the backbone, providing a framework for ethical conduct and protecting the interests of investors, consumers, and the financial system as a whole:

1. Securities Law. One of the pillars of financial law is securities regulation. This branch governs the issuance and trading of securities like stocks and bonds. Securities Law plays a pivotal role in enforcing securities laws, safeguarding investors from fraudulent activities, and ensuring accurate and timely disclosure of financial information.

³ Jones, J., (2023), Finance Law 101: Navigating Financial Regulations in 2024 – Law, lawscope.org/finance-law/

2. Banking and Financial Regulation. This aspect of financial law focuses on the stability and integrity of financial institutions. Understanding these regulations is crucial for both financial institutions and consumers to navigate the banking landscape securely.

❖ Compliance. Compliance with financial regulations is not an option; it's a necessity. Failing to adhere to these laws can lead to severe consequences, including fines, legal action, and damage to reputation. Compliance matters:

1. Protecting Investors. Financial regulations are designed to safeguard investors' interests by ensuring fair practices, preventing market manipulation, and promoting transparency.

2. Safeguarding Against Fraud. Financial regulations are a bulwark against fraudulent activities that can undermine the stability of markets. By imposing strict standards and penalties for financial misconduct, these laws create a deterrent and promote a level playing field for all participants.

3. Maintaining Market Stability. Financial regulations play a crucial role in maintaining the stability of financial markets. This includes mechanisms to prevent systemic risks, regulate derivatives, and supervise institutions deemed "too big to fail."

Financial law is the body of laws and regulations that govern the management of money, banking, investments, and credit. Financial law plays a pivotal role in the financial sector by providing the legal framework necessary for the operation of financial markets, the conduct of financial services, and the protection of stakeholders involved in financial transactions:⁴

1. The branch of law is essential for maintaining market integrity, ensuring transparency, and safeguarding the economy from risks such as fraud and market manipulation. The significance of financial law lies in its ability to create a stable and efficient financial environment that fosters economic growth and protects consumers. Financial law involves understanding and applying various legal provisions related to financial transactions, investment management, and financial services regulation.

2. Fundamental principles of Financial law include the protection of investor interests, the prevention of financial fraud, and ensuring fair and transparent market practices. Finance law also covers aspects like lending, insurance, derivatives, and structured finance, each with its own regulatory and legal considerations.

3. Financial regulations are essential components of financial law, designed to maintain the stability and integrity of financial markets. Compliance with these regulations is mandatory for financial institutions and is crucial in preventing financial crises. These regulations cover many areas, including banking operations, securities trading, corporate finance, and consumer lending. Regulatory bodies at national and international levels are tasked with enforcing these laws and ensuring financial institutions operate within legal and ethical parameters.

4. Finance lawyers play a crucial role in the financial sector, bridging the gap between complex financial operations and legal compliance. Their primary functions include advising clients on legal aspects of financial transactions, ensuring regulation adherence, and structuring deals to optimize financial and tax outcomes.

⁴ Law of the Day, (2024), What is Finance Law? A Detailed Introduction to Financial Legal Frameworks, <https://lawoftheday.com/banking-and-finance-law/what-is-finance-law>.

- ✓ Banking lawyers often work with banks, investment firms, corporations, and government entities, guiding various issues from securities offerings and corporate governance to regulatory compliance and dispute resolution. The expertise of finance lawyers is vital in navigating the intricate legal landscape of finance and protecting their client's interests in this highly regulated sector:
- ✓ Banking lawyers, a key component of finance law, governs the operation and regulation of banks and other financial institutions. It encompasses various legal issues, including bank formation, operation, regulation, and insolvency.
- ✓ Banking lawyers ensure that financial institutions comply with myriad laws and regulations, such as those concerning capital requirements, consumer protection, anti-money laundering, and privacy. The implications of banking law are far-reaching, impacting everything from how banks lend money and manage customer deposits to how they handle financial risks and conduct transactions.

5. Securities Law and Capital Markets. Securities law is central to the functioning of capital markets, regulating the issuance and trading of securities such as stocks, bonds, and derivatives. This area of law ensures transparency and fairness in the market, aiming to protect investors from fraud and market manipulation. Securities lawyers advise clients on compliance with securities regulations, assist in structuring public offerings, handle regulatory filings, and represent clients in dealings with regulatory bodies like the Securities and Exchange Commission (SEC). Their expertise is crucial in navigating the complex regulatory environment of capital markets.

Financial law sets standards and requirements for financial transactions and financial institutions. The purpose of financial law is to protect all parties involved, such as savers and investors, as well as financial institutions themselves, with transparent rules. Financial law is applied by setting clear standards and then monitoring whether they are followed:⁵

1. Finance laws include banking laws, antitrust laws, securities laws, and bankruptcy laws. Antitrust works to prevent monopolies or a single entity from controlling the market. Securities law regulates trading and disclosures surrounding investments. Bankruptcy is when a person or business does not have the means to pay their existing debts, and the law works to restructure, discharge or eliminate these debts.

2. Financial law encompasses many areas of business that regulate financial transactions. This includes:

- ✓ Finance law covers all areas of financial transactions and institutions, including banking, securities, insurance, asset management and other financial industries. Every monetary transaction is subject to regulation to protect all parties involved.
- ✓ Banking law is a subset that specifically covers the banking industry. Banks deal with more regulation than most industries. The Banking Act regulates what banks can and cannot do, but it also details reporting requirements as regulators analyze banks to ensure they are not taking unnecessary risks and can repay depositors in a wide variety of circumstances.

⁵ Degroot, N., (2024), Financial Law Definition, Components & Examples, <https://study.com/academy/lesson/what-is-financial-law.html>.

- ✓ Antitrust law seeks to make markets competitive without any party having undue influence over prices or quantities traded.
- ✓ The Securities Law covers the requirements for the issuance and trading of securities. It strives to create markets that are fair to all participants, and part of this comes from managing what, how and when information is shared.
- ✓ Bankruptcy law outlines options for individuals or businesses that cannot afford debt. The regulations either allow certain debts to be limited or cover when assets must be sold to pay debts.

3. Banking and Finance Act. Finance law is a broad term that encompasses banking, securities, insurance, asset management and other financial industries. For example, laws surrounding the insurance industry may dictate when an insurance company must pay a claim. Or to make sure that insurance contracts are fair to both the insurer and the party buying the insurance. The Banking and Finance Act also heavily regulates the banking industry in order to protect depositors and ensure customers have access to loans as needed. Those working in the banking industry must understand all the regulations and may find that additional education, such as a master's in banking, can help. The regulations cover deposit and loan activity as well as other operational details.

2. CHARACTERISTICS OF FINANCIAL LAW

Financial law is the laws and regulation of the insurance, derivatives, commercial banking, capital markets and investment management sectors. Understanding Financial law is crucial to appreciating the creation and formation of banking and financial regulation, as well as the legal framework for finance general:⁶

- Financial law forms a substantial portion of commercial law, and notably a substantial proportion of the global economy, and legal billables are dependent on sound and clear legal policy pertaining to financial transactions. Therefore financial law as the law for financial industries involves public and private law matters.
- Financial law may be understood as being formed of three overarching methods, or pillars of law formation and categorised into five transaction silos which form the various financial positions prevalent in finance.
- These three components, being market practices, case law, and regulation underpinned by several legal concepts upon which financial law depends, notably, legal personality, set-off, and payment which allows legal scholars to categorise financial instruments and financial market structures into five legal silos; those being:
 - ✓ simple positions,
 - ✓ funded positions,

⁶ Definitions.net, (2023), What does financial law mean? - Definitions.net.
[https://www.definitions.net/definition/financial law](https://www.definitions.net/definition/financial%20law).

- ✓ asset-backed positions,
 - ✓ net positions, and
 - ✓ combined positions.
- The five position types are used as a framework to understand the legal treatment and corresponding constraints of instruments used in finance (such as, for example, a guarantee or Asset-backed security.)

Financial law is critical because it regulates the financial services industry, ensuring stability, fairness and consumer protection. Financial legislation regulates markets, transactions and institutions, mitigating risks and fostering a predictable investment environment, which is vital to economic health and consumer confidence. The importance of financial law cannot be overstated, as it is fundamental to the stability, fairness and protection of consumers in the financial system:⁷

- Financial law plays a key role in promoting stability, fairness and consumer protection in our financial system. Understanding these objectives is necessary as they seek to ensure the efficient functioning of financial markets and to protect consumers from fraud and exploitation. Financial law covers a wide range of topics, including:
- ✓ banking,
 - ✓ securities,
 - ✓ insurance,
 - ✓ consumer protection,
- Financial law promotes fairness, integrity and stability in financial markets and transactions, ensuring a well-established and independent judiciary and mitigating systemic risk. This creates a predictable investment environment, leverages the integrity of the financial system and facilitates efficient dispute resolution.
- The basic characteristics of Financial Law include:
- ✓ Corporate Finance and Capital Markets. Corporate finance and capital markets revolve around the activities and transactions related to the management of assets and other resources by corporations. The purpose of financial law in supervising corporate financial activities and capital market transactions is to ensure that these transactions are conducted fairly and transparently, protecting the interests of all parties involved. An integral part of the legal framework of the financial markets is the concept of a separate legal personality, which facilitates the division of financial risk and allows parties to enter into financial contracts and transfer credit risk between them.
 - ✓ Banking and Commercial Law. Banking law and commercial law delve into the legal aspects of banking and commercial transactions, such as loans, borrowing and payment systems. One example of such a transaction is an overdraft, a loan

⁷ Montague, (2024), Decoding Finance Law: An Overview of Regulation, <https://montague.law/blog/understandi>.

that is usually repaid on demand. Banks are only required to provide overdraft facilities if there is an express or implied agreement. If the bank approves an overdraft, it is considered that the client has accepted the bank's conditions, which indicates that a loan has been requested and granted. To protect lenders from borrowers' credit risk, contractual provisions such as:

- conditions precedent,
- restrictions on the borrower's activities,
- information contracts,
- set-off provisions,
- default provisions,

➤ Financial institutions and their role. Financial institutions, organizations that specialize in facilitating financial transactions such as investments, loans and deposits, play a key role in the financial law landscape. By offering their services as intermediaries to individuals and businesses, financial institutions enable them to effectively manage their finances. The main categories of financial institutions include:

- ✓ Central banks,
- ✓ Retail and commercial banks,
- ✓ credit unions,
- ✓ Savings and loans,

These institutions are essential to the economy, providing financial services to customers and enabling the circulation of funds. Given the significant role of financial institutions in the financial law landscape, an understanding of their responsibilities and functions is necessary for the smooth functioning of the financial system.

- Corporate Governance and Securities Regulation. Corporate governance, the system of rules, practices and processes used to direct and manage a company, ensures transparency, accountability and ethical behavior in an organization. Securities regulation, on the other hand, focuses on the legal aspects of corporate governance, including disclosure requirements and shareholder rights. Together, these two aspects of finance law play a significant role in maintaining the integrity and stability of financial markets.
- Disclosure requirements mandate that companies make certain information available to the public, such as financial statements, corporate governance policies and other relevant information. These requirements ensure that investors have access to accurate and timely information about the company. Shareholder rights, on the other hand, refer to the rights of shareholders to participate in decision-making processes in the corporate sector, including voting on critical issues, receiving dividends, and inspecting company documents and records.
- Consumer protection and experiential learning. Consumer protection, a set of regulations and measures designed to protect the rights and interests of consumers

when engaging with businesses and service providers, is a key component of finance law. You are required to:

- ✓ Preventing Fraudulent, Fraudulent and Unfair Practices. Guarantee for the quality and safety of products and services
- ✓ Provide consumers with an opportunity to seek redress in the event of a dispute or complaint. Government agencies such as the Federal Trade Commission (FTC) and the Consumer Financial Protection Bureau (CFPB), as well as state-level consumer protection offices, enforce consumer protection laws and regulations.
- ✓ Experiential learning, a useful tool for advancing financial literacy, provides individuals with practical knowledge and skills in a tangible environment. By helping individuals understand the complexities of finance law and make prudent decisions about their finances, experiential learning can facilitate understanding of complex financial transactions and regulations and promote financial literacy.

3. FINANCIAL SYSTEM

A financial system is a set of institutions, such as banks, insurance companies, and stock exchanges, that permit the exchange of funds. Financial systems exist on firm, regional, and global levels. Borrowers, lenders, and investors exchange current funds to finance projects, either for consumption or productive investments, and to pursue a return on their financial assets. The financial system also includes sets of rules and practices that borrowers and lenders use to decide which projects get financed, who finances projects, and terms of financial deals.⁸

⁸ Investopedia Team, (2024), Financial System: Definition, Types, and Market Components, <https://www.investopedia.com/terms/f/financial-system.asp>.

Figure1:



Source: Investopedia Team, (2024), Financial System: Definition, Types, and Market Components, <https://www.investopedia.com/terms/f/financial-system.asp>.

A financial system is an economic arrangement wherein financial institutions facilitate the transfer of funds and assets between borrowers, lenders, and investors. Its goal is to efficiently distribute economic resources to promote economic growth and generate a return on investment (ROI) for market participants. In any functional economy, economic resources are limited, with individuals having unlimited wants and desires. This problem, referred to as scarcity, is one of the significant drivers of an economy. However, it challenges an economy in determining when, where, to whom to distribute its resources:⁹

❖ Consequently, it resulted in a financial system structure capable of efficiently allocating economic resources to stimulate growth. Also, it allows participants to benefit by:

- ✓ Providing a way of making payments (banks),
- ✓ Giving participants a way of earning interest in the form of time value (investment institutions),
- ✓ Protecting them against financial risks (insurance),
- ✓ Collecting and distributing financial information (credit agencies),
- ✓ Governing regulations to maintain stability (central banks and governments),

⁹ Johnson, P., (2024), Financial System - Meaning, Components, Functions ,WallStreetMojo, <https://www.wallstreetmojo.com/financial-sys>.

- ✓ Maintaining liquidity and converting investments into cash (banks and financial institutions).
 - ❖ There are several financial system components to ensure a smooth transition of funds between lenders, borrowers, and investors:
 - ✓ Financial Institutions,
 - ✓ Financial Markets,
 - ✓ Tradable or Financial Instruments,
 - ✓ Financial Services,
 - ✓ Currency (Money).
 - **Financial Institutions** - Financial institutions act as intermediaries between the lender and the borrower when providing financial services. These include:
 - ✓ Banks (Central, Retail, and Commercial),
 - ✓ Insurance Companies,
 - ✓ Investment Companies,
 - ✓ Brokerage Firms.
 - **Financial Markets** - These are places where the exchange of assets occurs with borrowers and lenders, such as stocks, bonds, derivatives, and commodities. Financial markets help businesses to grow and expand by allowing investors to contribute capital. Investors invest in company stock with the expectation of it producing a return in the future. As the business makes a profit, it can then pass on the surplus to the investors.
 - **Financial Instruments** - Tradable or financial instruments enable individuals to trade within the financial markets. These can include cash, shares of stock (representing ownership), bonds, options, and futures.
 - **Financial Services** - Financial services provide investors a way of managing assets and offer protection against systemic risk. These also ensure individuals have the appropriate amount of capital in the most efficient investments to promote growth. Banks, insurance companies, and investment services would be considered financial services.
 - **Currency (Money)** - A currency is a form of payment to exchange products, services, and investments and holds value to society.
- A financial system is a network of financial institutions – such as insurance companies, stock exchanges, and investment banks – that work together to exchange and transfer capital from one place to another. Through the financial system, investors receive capital to fund projects and receive a return on their investments:¹⁰
- Financial markets involve various players, including borrowers, lenders, and investors that negotiate loans for investment purposes. The borrowers and lenders tend to trade

¹⁰ CFI Team, (2024), Financial System - Overview, Components, Example, Corporate Finance Institute, <https://corporatefinanceinstitute.com/re>.

money in exchange for a return on the investment at some future date. Derivative instruments are also traded in the financial markets as well, which are contracts that are determined based on an underlying asset's performance.

- When determining the guidelines of raising capital within a financial system, the project being funded and who funds them are decided upon by the planner, who can be a business manager. Thus, the financial system is typically organized through central planning, a market economy, or a combination of both.
- A centrally planned economy is structured around a central authority, such as a government, which makes economic decisions regarding the manufacturing and distribution of products for a specific country. A market economy is when the pricing of goods and services is dictated by the aggregated decision of citizens and business owners, often resulting in the effects of supply and demand.
- Financial markets operate within a government regulatory framework that filters the sort of transactions that can be conducted. Financial systems are heavily regulated due to their influence and facilitation capabilities to contribute to the growth of real assets.

CONCLUSION

Finance law refers to the legal framework that governs the financial services industry and the regulation of financial markets. This area of law encompasses a wide range of topics, including banking, securities, insurance, and consumer protection. Financial law is designed to promote stability and fairness in the financial system, protect consumers from financial fraud and abuse, and ensure the proper functioning of financial markets. Understanding financial law is essential for anyone working in financial services or investing in financial markets.¹¹

Financial law is designed to promote stability and fairness in the financial system, protect consumers from financial fraud and abuse, and ensure the proper functioning of financial markets. Financial law is an important area of business practice that deals with financial instruments and transactions, and helps businesses protect themselves from potential liabilities and lawsuits. Understanding financial law is essential for anyone working in financial services or investing in financial markets. Financial law is important as it aims to protect parties participating in transactions. This includes not only individuals who might borrow money, buy investors, or deposit money, but also the financial institutions that provide the services by having clear and fair guidelines for transactions.

¹¹ Daehoon P., (2023), Finance Law: All You Need to Know - Contract Lawyers, Global web icon. <https://www.contractsounsel.com/b/finance-law>.

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Key factors influencing wine purchases among young consumers from the Republic of North Macedonia

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Prof. Dr. sc. Katerina Bojkovska¹, Teodor Bojadziev², Ass. Prof. Viktorija Stojkovski, PhD³ Sen. Res. Assoc. Goran Mihajlovski, PhD

1.University St. Kliment Ohridski-Bitola, Faculty of biotechnical sciences,
Partizanska bb, 7000 Bitola, Republic of Macedonia
katerina.bojkovska@uklo.edu.mk

2. Student, University "St. Kliment Ohridski"-Bitola,
Faculty of biotechnical sciences - Bitola
teodorbojadziev@yahoo.com

3.University St. Kliment Ohridski-Bitola, Faculty of biotechnical sciences,
Partizanska bb, 7000 Bitola, Republic of Macedonia
viktorija.stojkovski@uklo.edu.mk

4.University St. Kliment Ohridski-Bitola, Faculty of biotechnical sciences,
Partizanska bb, 7000 Bitola, Republic of Macedonia
goran.mihajlovski@gmail.com

Abstract

The Republic of North Macedonia, while recognized for its substantial wine production, faces a unique challenge with low domestic consumption rates among its population. Despite a production capacity utilized at only 50%, the country produces significantly more wine than it consumes, with annual per capita consumption ranging between 7–10 liters. This surplus has led to a large portion of Macedonian wine being exported, underscoring the need for strategies to stimulate local demand.

This paper investigates the perceptions, preferences, and purchasing behaviors of young wine consumers in North Macedonia. Through a comprehensive survey, the study examines young people's attitudes towards wine consumption, focusing on factors such as taste preferences, purchasing decisions, and social influences on consumption. The goal is to identify potential drivers that could encourage greater wine consumption within this demographic.

The insights gained from this research are intended to assist wine producers and marketers in refining their strategies to appeal to young consumers. By understanding the needs, preferences, and consumption habits of this group, the industry can adapt product

offerings, marketing communications, and distribution approaches to better align with young consumers' expectations. Ultimately, these efforts could enhance the competitive positioning of Macedonian wine in the domestic market and foster a more vibrant culture of wine appreciation among young people.

Key words: key factors, wine purchases, young consumers.

Introduction

The wine industry in the Republic of North Macedonia holds significant economic and cultural importance, making the country a notable producer within the global market. However, domestic wine consumption remains low, with average consumption per capita ranging from 7 to 10 liters annually. This discrepancy between production and local consumption suggests that Macedonian wine is largely dependent on export markets, leaving substantial untapped potential within the domestic market, especially among younger consumers.

In recent years, a shift in consumer demographics and behavior has drawn attention to the importance of understanding young consumers' attitudes and preferences. Younger generations, characterized by unique consumption behaviors and preferences, often approach wine differently from older generations, influenced by factors such as lifestyle, cultural trends, and social media. Research on consumer behavior suggests that age-specific marketing strategies may be crucial for effectively reaching this demographic and enhancing domestic wine consumption.¹² This study aims to explore the factors influencing young people's wine consumption in North Macedonia, focusing on their attitudes, preferences, and purchasing behaviors.

Understanding consumer behavior, especially among young adults, requires a multidisciplinary approach drawing from marketing, psychology, and sociology. Consumer behavior theory emphasizes that purchasing decisions are influenced by a complex mix of individual preferences, cultural background, peer influences, and personal values.¹³

The Ajzen's Theory of Planned Behavior provides a useful framework for analyzing the factors that shape young people's consumption intentions in North Macedonia. According to TPB, consumer intention is determined by attitudes (positive or negative evaluations of wine), subjective norms (influence of family, peers, and society), and perceived behavioral control (the ease or difficulty of buying and consuming wine). Applying this model in North Macedonia reveals that while young people may develop a favorable

¹² Kotler, P. and Keller, K.L. (2012) Marketing Management. 14th Edition, Pearson Education.

¹³ Schiffman, L. G., Kanuk, L. L., & Kumar, S. R. (2010). Consumer Behavior (10th ed.). New Delhi: Pearson Prentice Hall.

attitude toward wine, social norms and cultural preferences for other alcoholic beverages may still influence their actual consumption behavior.¹⁴

Additionally, Hofstede's cultural dimensions theory sheds light on how cultural factors affect consumer behavior in North Macedonia. As a collectivist society with strong social ties, young Macedonian consumers may make purchasing decisions that reflect group identity and align with peer expectations. Social influence is therefore critical in shaping young consumers' attitudes toward products like wine, which can be seen as a lifestyle choice that resonates with values of social belonging, status, and cultural sophistication.¹⁵

In addition, Maslow's Hierarchy of Needs suggests that consumption behaviors may be influenced by young people's desire for social belonging and self-actualization.¹⁶ In the context of wine, this can manifest in preferences for brands that align with personal identity, enhance social experiences, or represent a certain lifestyle. Contemporary wine marketing research also underscores the role of product attributes, such as taste, packaging, and branding, in appealing to young consumers who are more likely to prioritize novelty, aesthetic appeal, and authenticity in their purchasing decisions.¹⁷

Furthermore, studies have shown that younger consumers' wine preferences are significantly influenced by social media and digital marketing, with platforms like Instagram and Facebook serving as major touch points for brand engagement.¹⁸

Globalization and digital connectivity have introduced North Macedonian consumers to international wine brands, lifestyle trends, and diverse taste profiles. Younger consumers, particularly those who are digitally active, have developed broader exposure to the wine culture through platforms like Instagram and Facebook, where brands promote wine as a premium lifestyle product.¹⁹ Social media thus functions as a cultural bridge, connecting young Macedonian consumers to the global wine industry and making wine more than just a beverage—it becomes part of an aspirational lifestyle.

Social identity theory further supports the role of social media, suggesting that young consumers often choose products that help them express individuality while aligning with the values and norms of their social group.²⁰ For young people in North Macedonia, wine consumption can symbolize modernity, refinement, and alignment with international

¹⁴ Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211.

¹⁵ Hofstede, G. (2011). Dimensionalizing Cultures: The Hofstede Model in Context. *Online Readings in Psychology and Culture*, 2, 8. <http://dx.doi.org/10.9707/2307-0919.1014>

¹⁶ Maslow, A.H. (1943) A Theory of Human Motivation. *Psychological Review*, 50, 370-396.

¹⁷ Mueller, S., Lockshin, L., & Louviere, J. J. (2010). What you see may not be what you get: Asking consumers what matters may not reflect what they choose. *Marketing Letters*, 21(4), 335–350. <http://www.jstor.org/stable/40959685>

¹⁸ Atkin, T. y Thach, L. (2012). Millennial wine consumers: Risk perception and information search. *Wine Economics and Policy*, 1, 54-62. <https://doi.org/10.1016/j.wep.2012.08.002>.

¹⁹ Thach, Elizabeth, and Janeen Olsen, 2006. "Market Segment Analysis to Target Young Adult Wine Drinkers." *Agribusiness: An International Journal*.22:3: 307-22

²⁰ Tajfel, H., & Turner, J. C. (1979). An integrative theory of intergroup conflict. In W. G. Austin, & S. Worchel (Eds.), *The social psychology of intergroup relations* (pp. 33-37). Monterey, CA: Brooks/Cole.

lifestyles, positioning it as an attractive choice for those seeking to differentiate themselves within traditional drinking culture.

The wine industry in North Macedonia is rooted in centuries-old traditions, yet it has evolved over the past few decades as the country transitioned to a market economy. Today, North Macedonia is among the Balkan region's key wine producers, with vineyards covering approximately 28,000 hectares and wine production reaching around 100 million liters annually. Despite this, only half of the production capacity is utilized for winemaking, and a large portion of the wine is exported, particularly in bulk, rather than bottled, branded wines (International Organisation of Vine and Wine, 2021).²¹ This reliance on exports suggests untapped potential within the domestic market, where consumer demand—particularly among younger consumers—remains underexplored and underdeveloped.

While interest in wine is growing, barriers persist. Wine pricing, accessibility, and lack of familiarity with wine culture may deter consumption among young people in North Macedonia, who are accustomed to more affordable options like beer and spirits. Furthermore, the North Macedonian wine industry has yet to establish strong brand identities domestically, with many local wines being sold in bulk rather than as branded, high-value products. To overcome these barriers, it is essential to understand young consumers' specific needs, such as preference for sweeter or lighter wine profiles, convenient packaging, and accessible pricing.

The *Diffusion of Innovations Theory* (Rogers, 2003)²² can be applied here, suggesting that increasing the adoption of wine among young Macedonians will require innovative marketing approaches that introduce wine as a desirable, affordable, and accessible option. Strategies could include promoting wine tasting events, leveraging social media influencers, and introducing smaller or more budget-friendly packaging to encourage trial and lower the perceived risk of purchase.

Studies of wine consumption in post-socialist countries highlight that consumer behavior can be shaped by historical, cultural, and socioeconomic factors unique to these markets.²³

Young consumers' preferences toward wine in the Republic of North Macedonia, focusing on factors such as taste preferences, occasions for wine consumption, and the influence of brand and price on purchasing decisions. Research in this area often emphasizes

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https://www.oiv.int/sites/default/files/documents/OIV_Annual_Assessment_of_the_World_Vine_and_Wine_Sector_in_2021.pdf

²² Rogers, E. (2003). *Diffusion of Innovations*. Fifth edition. Free Press: New York.

²³ Ristic, R., Johnson, T. E., Meiselman, H. L., Hoek, A. C., Bastian, S. E. P., 2016. Towards development of a Wine Neophobia Scale (WNS): Measuring consumer wine neophobia using an adaptation of The Food Neophobia Scale (FNS). *Food Quality and Preference*, 49, 161-167

young consumers' growing interest in wine as a social beverage, especially for occasions like gatherings with friends, special events, and casual dining.²⁴

In North Macedonia, traditional preferences for spirits or beer have influenced the development of local drinking culture, which historically did not emphasize wine as a primary beverage of choice. However, recent years have seen growing interest in wine among young adults, driven by exposure to global trends, the influence of social media, and the accessibility of a wider range of products. Young Macedonian consumers are increasingly interested in lifestyle products that convey sophistication and social status, with wine emerging as one such symbol.

Research objectives

This study aims to bridge the gap in literature by investigating the specific attitudes, preferences, and behaviors of young wine consumers in North Macedonia. Through survey-based research, this paper will analyze the motivations and deterrents affecting young people's consumption of wine, seeking to identify key drivers that could potentially increase domestic consumption in this demographic. By providing wine producers and marketers with actionable insights into young consumers' preferences, this research aims to support the development of targeted marketing strategies that resonate with the values, needs, and lifestyles of young Macedonian consumers.

Wine consumption among young people in North Macedonia can be understood through the lenses of consumer behavior theories and cultural influences. By analyzing attitudes, social norms, and perceived behavioral control, this research aims to clarify the motivations and barriers that influence wine consumption among young adults. Understanding these dynamics can provide valuable insights to help local wine producers, marketers, and distributors tailor their approaches, ultimately driving increased engagement with wine in the North Macedonian market.

Research objectives are:

1. To identify key factors influencing wine purchases;
2. To analyze consumption patterns and preferences;
3. To examine the impact of social influence and lifestyle on wine choices;
4. To assess brand awareness and attitudes toward local vs. imported wines;
5. To investigate the role of digital and social media in purchase decisions;
6. To identify barriers to wine consumption among young people;
7. To provide insights for targeted marketing strategies.

²⁴ Nacka M. et. all. “Young Consumers’ Preferences for Macedonian Wine,” published in *Agriculture & Forestry*, Vol. 62 Issue 2: 103-110, 2016.

Research methodology

In order to assess the purchasing behavior and consumption of wine among young people in the Republic of North Macedonia, for the purposes of this paper, a quantitative methodological approach will be used with the help of Google Forms questionnaires. The research will focus on collecting answers from young people aged 18 to 35 living in North Macedonia who will have to answer questions related to the perception and consumption of wine as a drink.

The sample consisted of 150 participants, young people from North Macedonia to achieve statistical validity and generalize the findings. The data collection process involved electronic distribution of the Google Forms questionnaire to young people from the Republic of North Macedonia to reach a larger audience quickly and economically. Participants were contacted by e-mail or other electronic communication channels and invited to voluntarily answer the questionnaire.

After completing the data collection, the collected responses were systematically analyzed. Quantitative analysis techniques, such as descriptive statistics and data visualization, are used to identify patterns, trends, and correlations in data. The findings were interpreted to draw conclusions regarding the perception and consumption of wine among young people in the Republic of North Macedonia. The results of this research will provide a good basis for the marketing of wine among the young population in the domestic market.

Research results and discussion

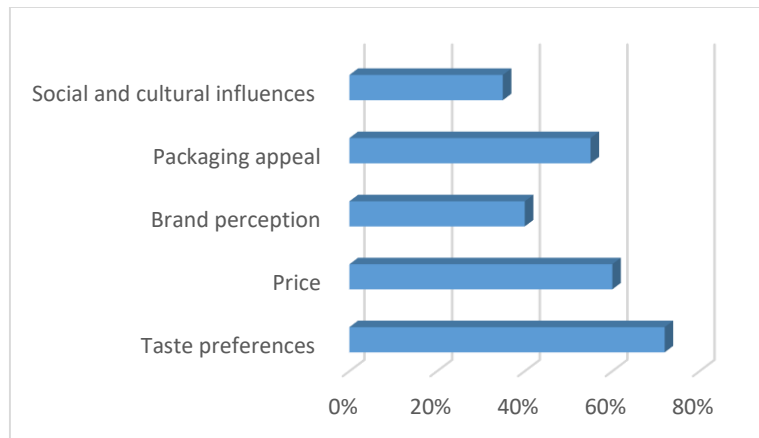
Demographic information show that 150 respondents participated in the research conducted in this paper, of which 55% were female and 45% male. 60% of respondents were aged 18-24, 30% aged 25-29 and 10% aged 30-35. In terms of education 50% of the respondents were undergraduate, 35% graduate and 15% with high school diploma. Employment Status show that 45% of the respondents were employed, 35% students and 20% unemployed.

Identifying the key factors influencing wine purchases determine the primary factors that influence young Macedonian consumers' decisions to purchase wine, including taste preferences, price sensitivity, brand perception, packaging appeal, and social or cultural influences.

In fact, *taste preferences* are rated as the most critical factor by 72% of respondents. For the *price sensitivity* 60% reported that price plays a major role, with students particularly noting that they look for wines under €10. In accordance with *brand perception*: 40% valued well-known brands, with Macedonian brands having higher familiarity. About *packaging appeal*: 55% noted that visually appealing packaging increases their likelihood of purchase, especially among participants aged 18-24. For the *social and cultural influences* 35% of the respondents cited that they choose wine based on family or friend

recommendations, but social influence was more prominent among respondents with frequent social gatherings (Figure 1).

Figure 1 Key factors influencing the purchase of wine among young people in the Republic of North Macedonia



Source: Author's results

Cross-Factor analyses show that 72% of respondents rated taste as the most important factor younger consumers (aged 18-24) prioritize taste but also rank packaging appeal as a secondary factor. This suggests a link between taste preference and the appeal of product presentation for this age group.

Higher-income participants tend to be more experimental with wine, prioritizing taste over price. In contrast, lower-income groups (particularly students) also prioritize taste but are more constrained by price sensitivity. Targeted marketing could emphasize distinct flavor profiles or tasting notes for specific age groups, with additional emphasis on packaging for younger consumers.

60% of respondents consider price a major purchasing factor. Students and younger respondents are particularly price-sensitive, with 70% of students preferring wines priced under €10. This segment shows less concern for brand but high concern for taste and packaging. Consumers with lower brand awareness show higher price sensitivity, suggesting that unfamiliarity with premium brands may lead them to focus on affordable options. Brands could create affordable entry-level wines for younger or budget-conscious consumers, using accessible pricing to build brand familiarity and loyalty.

40% value well-known brands, especially local Macedonian brands, due to high brand familiarity. Younger respondents (ages 18-24) show a stronger preference for Macedonian brands, valuing local quality and authenticity over imported labels. Among this group, price is less of a deciding factor than local brand loyalty. Those who consume wine more frequently (weekly or monthly) are more brand-loyal and more likely to recognize and purchase well-known brands. Occasional wine consumers are less brand-

sensitive and more driven by social and cultural factors (e.g., recommendations). Local Macedonian brands could further leverage their authenticity by targeting frequent wine consumers with loyalty campaigns, particularly for local consumers interested in premium local wines.

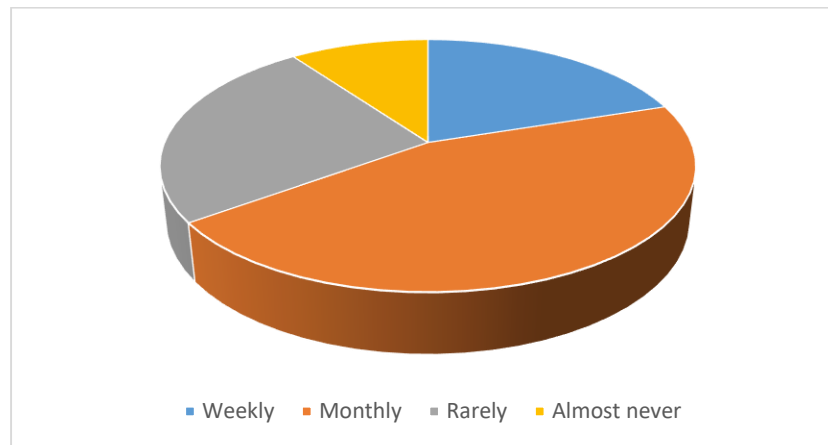
55% of respondents, particularly in the 18-24 age group, rated packaging appeal as influential in their purchase decisions. Younger consumers are particularly influenced by visually appealing packaging, especially when exposed to social media wine promotions. Attractive packaging can act as an initial hook for this segment, often leading to purchases when taste and price also align. Those who buy wine for social gatherings value packaging as it relates to social image. For example, respondents in this group are more likely to purchase wines with unique or aesthetically pleasing designs, enhancing the wine's social appeal. Wine brands targeting young consumers or social wine customers could invest in trendy, modern packaging designs, especially for wines promoted on social media platforms like Instagram and TikTok.

35% cited family or friend recommendations as a deciding factor, with social influence more prominent among respondents who frequently attend social gatherings. Those attending frequent social gatherings are significantly influenced by social and cultural factors, often choosing wines that are popular or recommended within their peer groups. This segment shows higher flexibility with brand and packaging preferences, adapting their choices based on what's socially accepted or encouraged. Respondents with higher social lifestyles (e.g., frequenting social events) are more likely to select wines based on social approval rather than personal taste, brand, or price preferences. Wine marketers could benefit from influencer or social marketing campaigns that emphasize wine as a "social drink," encouraging peer recommendations, user-generated content, and testimonials to attract socially active young consumers.

The research results show that 20% of the respondents consume wine weekly, 45% monthly, 25% rarely, and 10% almost never (Figure 2).

40% of them preferred red wine, 30% preferred white, 15% preferred rosé, and 10% preferred sparkling. 60% of the respondents drink wine primarily during social gatherings, 25% during dining out, and 10% for special occasions (e.g., holidays, celebrations).

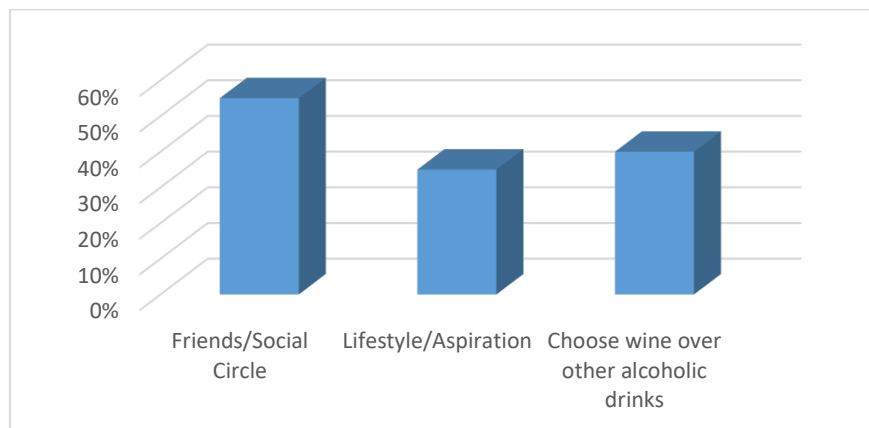
Figure 2 Frequency of wine consumption by the young population in North Macedonia



Source: Author's results

By examining the influence of social influence and lifestyle on wine choice, it enables an understanding of how social interactions, lifestyle aspirations and peer influences shape young people's attitudes towards wine and their likelihood of choosing it over other alcoholic beverages. 55% of the respondents said that friends or social circles influenced their choice of alcoholic drinks, with wine seen as a "social" or "sophisticated" drink. 35% of them felt that drinking wine was part of a lifestyle or aspiration associated with sophistication or maturity. When given a choice, 40% of the respondents would choose wine over other alcoholic drinks in social settings, especially when dining (Figure 3).

Figure 3 Impact of social influence and lifestyle on wine choices

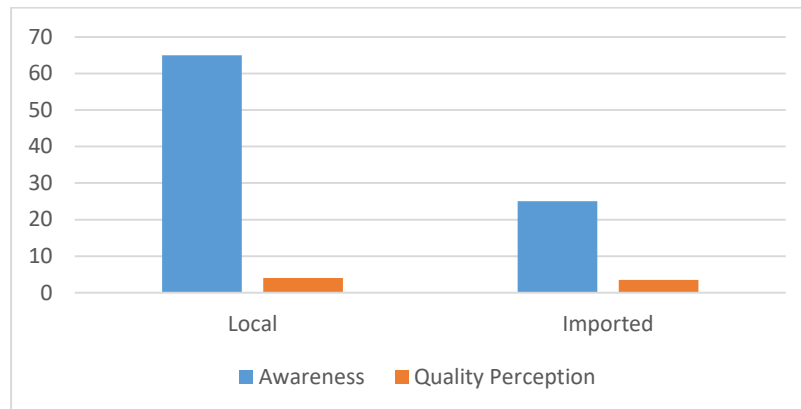


Source: Author's results

The assessing brand awareness and attitudes toward local vs. imported wines enable to explore young consumers' awareness of Macedonian wine brands compared to imported wines, and assess their preferences and perceptions of quality, authenticity, and value in

relation to both. 65% of participants were more familiar with local Macedonian wine brands, while 25% recognized imported brands (primarily Italian, French, and Serbian). In the context of quality perception Local wines received an average quality rating of 4 out of 5, while imported wines averaged 3.5. 60% of respondents felt that supporting local Macedonian wines was important, with many associating local wines with authenticity and tradition (Figure 4).

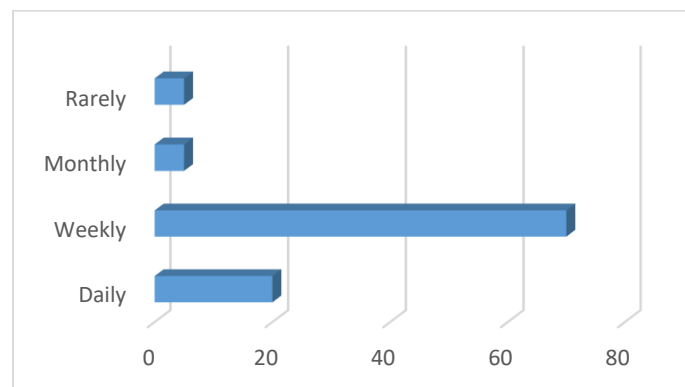
Figure 4 Awareness and Quality Perception of Local vs. Imported Wines



Source: Author's results

Investigation the role of digital and social media in purchase decisions evaluate how digital channels and social media platforms influence young consumers' exposure to wine brands, their engagement with wine content, and their purchasing decisions. 70% of the respondents encountered wine-related content on social media at least weekly (Figure 5). 50% said social media had a moderate to strong influence on their wine purchase decisions, especially Instagram and TikTok. Respondents mentioned that influencer recommendations and advertisements by brands increased their likelihood of purchasing.

Figure 5 Frequency of encountering wine content on social media



Source: Author's results

60% of the respondents mentioned Instagram as the most influential platform, followed by Facebook (30%) and TikTok (20%).

Identifying the barriers to wine consumption among young people makes it possible to perceive barriers such as: price, accessibility, lack of knowledge or cultural factors - which may discourage young consumers from buying and regularly consuming wine. 40% of the respondents found wine to be too expensive for regular consumption, especially younger respondents and students, 30% expressed feeling intimidated or unsure about which wines to choose, 15% mentioned that certain wines were difficult to find or not available in local stores and 10% felt that wine was not as culturally embedded in daily life as other beverages, like rakija or beer.

Based on survey results, the following recommendations can be made for Macedonian wine producers and marketers, aiming to develop targeted strategies that align with young consumers' values, preferences, and consumption styles:

1. **Highlight Taste and Affordable Price Points:** Since taste and price are top priorities, consider marketing wines with diverse flavor profiles and creating budget-friendly options targeted at students and young professionals.
2. **Leverage Social Media and Influencers:** Collaborate with local influencers on Instagram and TikTok to promote wines, showcasing the social and lifestyle appeal of wine.
3. **Emphasize Local Quality and Authenticity:** Develop campaigns that promote the quality, tradition, and uniqueness of Macedonian wines, appealing to national pride and authenticity.
4. **Offer Wine Education and Tasting Events:** Since a lack of knowledge was a barrier, organize tasting events or online tutorials that can educate young consumers on wine types, tasting techniques, and food pairings, making wine more approachable.
5. **Enhance Packaging and Brand Image:** Attractive packaging is important for younger consumers. Invest in modern, eye-catching designs that appeal to a younger demographic and convey the brand's quality.
6. **Targeted Promotions for Special Occasions:** As young people associate wine with social gatherings and special occasions, consider promotions or event-themed packaging during popular times for celebrations (e.g., holidays, festivals).

These results provide a well-rounded understanding of young Macedonian consumers' wine consumption behavior, preferences, and barriers, enabling wine producers and marketers to develop targeted strategies.

• **Conclusions**

The analysis reveals that **taste preferences** and **price sensitivity** are the most critical factors influencing young Macedonian consumers' wine purchasing decisions.

Approximately 72% of respondents prioritized taste, indicating a strong inclination toward wines with specific flavor profiles that align with their personal preferences. Meanwhile, 60% of participants, particularly students and lower-income respondents, indicated that **price** plays a substantial role, with many preferring wines priced below €10. This suggests that taste-driven marketing efforts should also consider the affordability requirements of younger consumers, making high-quality, affordable wines a strategic focus for local producers.

The data indicates that **packaging appeal** is particularly influential among younger consumers aged 18-24, with 55% noting that visually appealing packaging increases their likelihood of purchasing a wine. This demographic often associates packaging with product quality and social status, making it a critical factor in their decision-making process. For wine brands targeting this group, investing in modern and aesthetically pleasing packaging designs that resonate with younger, social-media-influenced consumers is likely to boost purchase rates.

While only 40% of respondents emphasized **brand perception** as a primary factor, there is a notable preference for Macedonian wine brands over imported wines, especially among frequent wine drinkers. This preference indicates a sense of loyalty and a favorable perception of local wines' authenticity and quality. Local brands can leverage this loyalty by positioning Macedonian wines as authentic, high-quality options and by emphasizing national pride in their marketing messages.

Social and cultural influences were important to 35% of respondents, with frequent social gatherings often prompting wine purchases based on family or friend recommendations. The effect of social interactions suggests that wine drinking is associated with social occasions for many young Macedonians, making wine a "socially approved" choice in group settings. Marketing campaigns that highlight wine as an ideal choice for social and celebratory occasions could further enhance this trend, especially by emphasizing peer endorsements and testimonials. Younger consumers, especially those influenced by social media, showed that **digital channels** play a vital role in shaping brand awareness and product selection. Nearly half of the respondents reported that social media content impacts their wine purchase decisions. Wine producers should therefore invest in targeted social media marketing, collaborations with local influencers, and visually engaging online content to connect with young consumers who rely on digital recommendations. To cater to young Macedonian consumers, wine producers should consider the following strategies:

- **Affordable, Taste-Driven Selections:** Emphasize flavor profiles while offering affordable options, particularly for budget-sensitive consumers.
- **Appealing Packaging:** Use attractive, contemporary packaging to capture the interest of younger consumers, especially those active on social media.

- **Promote Local Authenticity:** Reinforce the quality, authenticity, and national pride associated with Macedonian wines to strengthen brand loyalty.
- **Leverage Social Influence:** Encourage user-generated content, peer recommendations, and testimonials to enhance the social aspect of wine drinking.
- **Enhance Digital Engagement:** Increase visibility on social media platforms, focusing on influencer partnerships and content that resonates with young, tech-savvy audiences.

This study provides valuable insights into the wine purchasing behaviors of young Macedonian consumers, highlighting how factors such as taste, price, brand, packaging, and social influences interact with demographic characteristics. These findings offer actionable guidance for Macedonian wine producers and marketers seeking to align their strategies with the preferences and behaviors of younger audiences, ensuring that marketing efforts resonate with this key consumer segment.

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Process of money laundering

Enida Cami, MSc

SPAK- Specialist administrative secretary
+3550682058006
thespotia_79yahoo.com

Abstrakt

Money laundering is the process by which criminals attempt to conceal the illicit origin and ownership of the proceeds of their unlawful activities. By means of money laundering, criminals attempt to transform the proceeds from their crimes into funds of an apparently legal origin. If successful, this process gives legitimacy to the proceeds, over which the criminals maintain control.

Money laundering can be either a relatively simple process, undertaken at the local or national level, or a highly sophisticated one that exploits the international financial system and involves numerous financial intermediaries in a variety of jurisdictions. Money laundering is necessary for two reasons: first, the perpetrator must avoid being connected with the crimes that gave rise to the criminal proceeds (known as predicate offenses); Second, the perpetrator must be able to use the proceeds as if they were of legal origin.

Money laundering disguises the criminal origin of financial assets so that they can be freely used. Money laundering has three stages: placement, layering, and integration. In the placement stage, the launderer introduces the illegal profit into the financial system. In the layering stage, the launderer engages in a series of conversions or movements of the funds to distance them from their source. Finally, in the integration stage, the funds reenter the legitimate economy.

In each stage of the process, the money launderer can employ a variety of mechanisms and monetary instruments to disguise the illicit nature of the criminal proceeds. Methods vary from the simple purchase of luxury items to more-sophisticated techniques involving the transfer of the money through a transnational network of banks and other financial institutions.

To dispose of the illicit proceeds, the launderer may make use of financial or nonfinancial mechanisms—that is, institutions that (knowingly or otherwise) participate in the laundering process. The most frequently used method is to work through banking institutions, mainly in the first stage of money laundering. Besides banks, other sectors are used, notably financial intermediation, because of the higher interests on the capital invested, leasing (the process of granting use or occupation of property during a specified period in exchange for a specified rent), and factoring (the practice of accepting accounts

receivable as security for short-term loans). Other financial institutions, such as wire-transfer companies and exchange offices, are also often used to launder ill-gotten gains.

Finally, launderers use the gold market, casinos, and gambling houses. The instruments used for money-laundering operations also vary widely. Besides cash, the instruments most frequently used are stocks, life-insurance policies, letters of credit, bank checks of all kinds, wire transfers, and precious metals.

Key words: intermediaries, banks, property, accounts, operations, credits

1. CHARACTERISTICS OF MONEY LAUNDERING

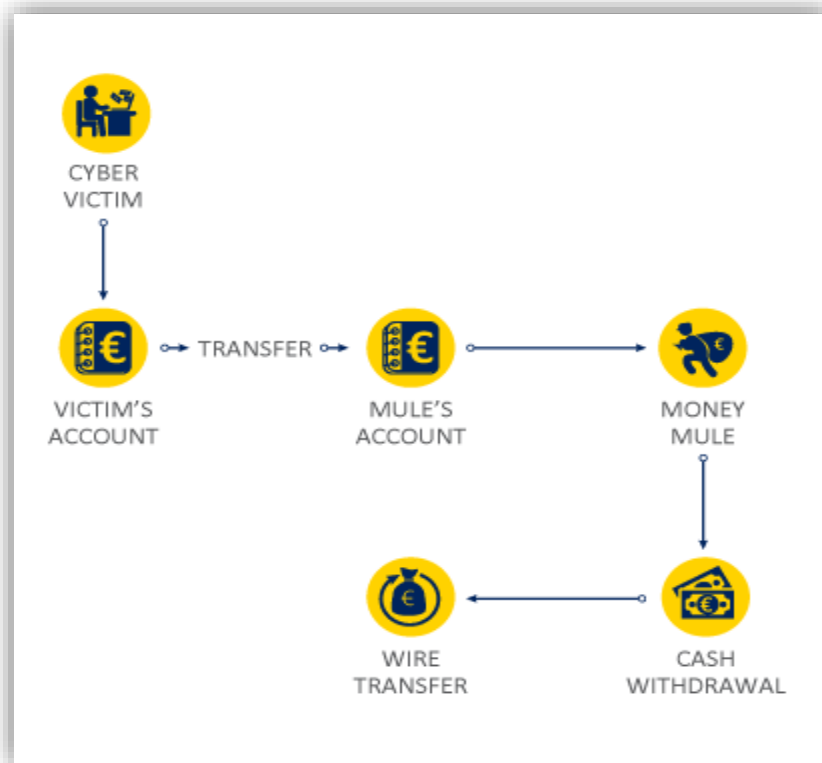
Money laundering is an offence in its own right but it is also closely related to other forms of serious and organised crime as well as the financing of terrorism:²⁵

- ✓ In addition to organised criminal groups, professional money launderers perform money laundering services on behalf of others as their core business.
- ✓ Most organised crime shares a common denominator — the financial motive. Organised crime groups boost their assets and then inject them into the legal economy through different money laundering.

²⁵ Europol, (2024), Money Laundering, <https://www.europol.europa.eu/crime-area>.

Figure 1

Money Laundering



Source: Europol, (2024), Money Laundering, <https://www.europol.europa.eu/crime-area>.

Money laundering refers to a financial transaction scheme that aims to conceal the identity, source, and destination of illicitly-obtained money.²⁶

- The money laundering process can be broken down into three stages.
 - ✓ First, the illegal activity that garners the money places it in the launderer's hands.
 - ✓ Second, the launderer passes the money through a complex scheme of transactions to obscure who initially received the money from the criminal enterprise.
 - ✓ Third, the scheme returns the money to the launderer in an obscure and indirect way.

²⁶ LII / Legal Information Institute, (2024), Money laundering | Wex | US Law | LII / Legal Information Institute, https://www.law.cornell.edu/wex/money_laundering.

- Tax evasion and false accounting practices constitute common types of money laundering. Often, criminals achieve these objectives through the use of shell companies, holding companies, and offshore accounts. A shell company is an incorporated company that possesses no significant assets and does not perform any significant operations. To launder money, the shell company purports to perform some service that would reasonably require its customers to often pay with cash.
- Cash transactions increase the anonymity of customers and therefore decrease the government's ability to trace the initial recipient of the dirty money. Money launderers commonly select beauty salons and plumbing services as shell companies. The launderer then deposits the money with the shell company, which deposits it into its accounts. The company then creates fake invoices and receipts to account for the cash. Such transactions create the appearance of propriety and clean money. The shell company can then make withdrawals and either return the money to the initial criminal or pass the money on to further shell companies before returning it to further cloud who first deposited the money.
- Criminals often use offshore accounts to hide money because they offer greater privacy, less regulation, and reduced taxation. Some governments has no authority to require foreign banks to report the interest earned by their citizens with foreign bank accounts, the criminal can keep the account abroad, fail to report the account's existence, and receive the interest without paying personal income taxes in own country.

Money laundering is a process that criminals use in an attempt to hide the illegal source of their income. By passing money through complex transfers and transactions, or through a series of businesses, the money is "cleaned" of its illegitimate origin and made to appear as legitimate business profits. Money laundering typically occurs in three phase:²⁷

- Initial entry or placement is the initial movement of an amount of money earned from criminal activity into some legitimate financial network or institution.
- The continuing transfer of the money through multiple transactions, forms, investments, or enterprises, to make it virtually impossible to trace the money back to its illegal origin.
- Final integration is when the money is freely used legally without the necessity to conceal it any further.

Money laundering is the illegal process of making large amounts of money generated by criminal activity, such as drug trafficking or terrorist funding, appear to have come from a legitimate source. The money from the criminal activity is considered dirty, and the process "launders" it to make it look clean.²⁸

Figure 2

²⁷ CFI Team, (22023), Money Laundering - Overview, How It Works, Example, Corporate Finance Institute, <https://corporatefinanceinstitute.com/resources/>

²⁸ Chen, J., (2023), Money Laundering: What It Is and How to Prevent It, <https://www.investopedia.com/terms/m/moneylaundering.asp>.



Source: Chen, J., (2023), Money Laundering: What It Is and How to Prevent It, <https://www.investopedia.com/terms/m/moneylaundering.asp>.

- Money laundering is essential for criminal organizations that wish to use illegally obtained money effectively. Dealing with large amounts of illegal cash is inefficient and dangerous. Criminals need a way to deposit money in legitimate financial institutions, yet they can only do so if it appears to come from legitimate sources. The process of laundering money typically involves three steps: placement, layering, and integration:
 - ✓ Placement surreptitiously injects the “dirty money” into the legitimate financial system.
 - ✓ Layering conceals the source of the money through a series of transactions and bookkeeping tricks.
 - ✓ In the final step, integration, the now-laundered money is withdrawn from the legitimate account to be used for whatever purposes the criminals have in mind for it.
- There are many ways to launder money, from the simple to the very complex. One of the most common techniques is to use a legitimate, cash-based business owned by a criminal organization. For example, if the organization owns a restaurant, it might inflate the daily cash receipts to funnel illegal cash through the restaurant and into the restaurant’s bank account. After that, the funds can be withdrawn as needed. These types of businesses are often referred to as “fronts.”

- One common form of money laundering is called smurfing (also known as “structuring”). This is where the criminal breaks up large chunks of cash into multiple small deposits, often spreading them over many different accounts, to avoid detection. Money laundering can also be accomplished through the use of currency exchanges, wire transfers, and “mules”—cash smugglers, who sneak large amounts of cash across borders and deposit them in foreign accounts, where money-laundering enforcement is less strict.
- Other money-laundering methods include:
 - ✓ Investing in commodities such as gems and gold that can be moved easily to other jurisdictions;
 - ✓ Discreetly investing in and selling valuable assets such as real estate, cars, and boats;
 - ✓ Gambling and laundering money at casinos;
 - ✓ Counterfeiting; and
 - ✓ Using shell companies (inactive companies or corporations that essentially exist on paper only).

2. MONEY LAUNDERING CYCLE

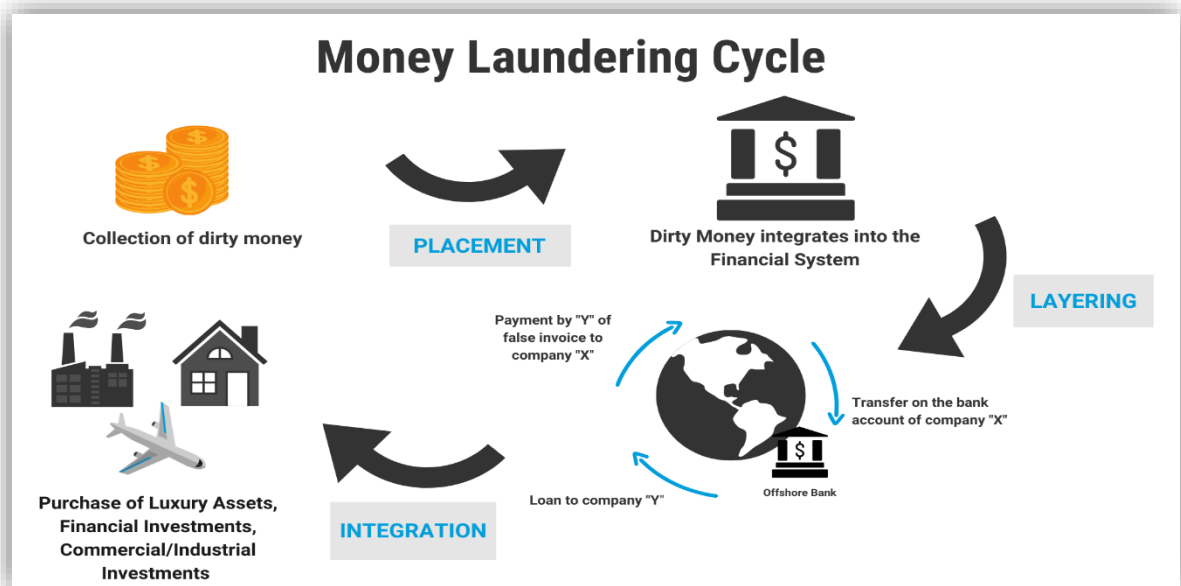
Money laundering is the processing of criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardising their source.²⁹

1. Money laundering is a process that typically follows three stages to finally release laundered funds into the legal financial system. 3 Stages of Money Laundering:

- Placement (i.e. moving the funds from direct association with the crime),
- Layering (i.e. disguising the trail to foil pursuit),
- Integration (i.e. making the money available to the criminal from what seem to be legitimate sources) .

Figure 3

²⁹ United Nations Office on Drugs and Crime, (2024), Money laundering - United Nations Office on Drugs and Crime, <https://www.unodc.org/romena/en/money-laundering.html>.



Source: United Nations Office on Drugs and Crime, (2024), Money laundering - United Nations Office on Drugs and Crime, <https://www.unodc.org/romena/en/money-laundering.html>.

2. In reality, money laundering cases may not have all three stages, some stages could be combined, or several stages repeat several times. For instance, Cash from drug sales is divided into small amounts then they are deposited by “money mules” and afterward transferred as payment for services to a shell company. In this case, the placement and layering are done in one stage.

3. The most common types of criminals who need to launder money are drug traffickers, embezzlers, corrupt politicians and public officials, mobsters, terrorists and con artists. Drug traffickers are in serious need of good laundering systems because they deal almost exclusively in cash, which causes all sorts of logistics problems.

Money laundering is a process of converting cash, funds or property derived from criminal activities to give it a legitimate appearance. It is a process to clean ‘dirty’ money in order to disguise its criminal origin. Commonly, there are three stages of the money laundering process: placement, layering and integration:³⁰

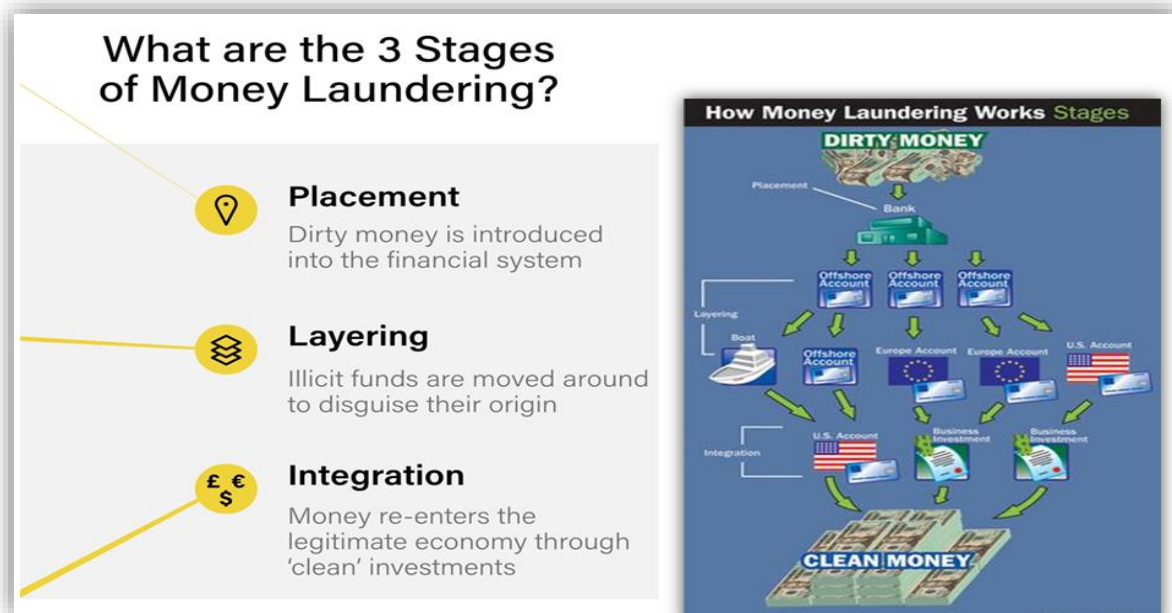
- Placement - Illicit funds are separated from their illegal source. This typically happens when illegal funds are placed into a reporting institution.
- Layering - Creating multiple layers of transactions to distance or disguise the illegal funds from their illegal sources. This is to obscure or make it difficult to trace the origin

³⁰ Global web icon, (2023), What is Money Laundering? - Anti Money Laundering. <https://amlcft.bnm.gov.my/what-is-money-laundering>.

of the illegal funds. This may involve multiple transfers between accounts, hiding funds in shell companies or trusts or transferring funds into multiple assets.

- Integration - Final stage where the laundered proceeds are successfully integrated into the economy appearing as legitimate funds. This may include purchases of properties or high value goods, and investment into business ventures. Money launderers tend to seek out reporting institutions with weak anti-money laundering controls to 'clean' the illegitimate funds through these multiple stages, since there is less risk of detection.

Figure 4



Source: Global web icon, (2023), What is Money Laundering? - Anti Money Laundering.
<https://amlcft.bnm.gov.my/what-is-money-laundering>.

3. VARIANTS OF MONEY LAUNDERING

Money launderers typically use methods to avoid detection and hide the real sources from where their money actually comes. Some of the most common methods are smurfs, mules, and shells:³¹

1. Smurfs. Smurf is the term used to describe a money launderer who wants to avoid government scrutiny. They do this by using the placement, layering, and integration steps to hide the money. Large sums of money are deposited in different banks using smaller transactions.

³¹ Investopedia Team, (2024), What Methods Are Used to Launder Money?
<https://www.investopedia.com/ask/answers/022015/what-methods-are->

2. Mules. Mules are individuals who are hired by money launderers to help carry out their laundering schemes. Money mules are just like drug mules, who may be in on the scheme or may be recruited unknowingly. But rather than smuggling drugs, these individuals carry money.

- ✓ People who are recruited are usually approached by money launderers and often don't have any knowledge of the scheme. They may be enticed by being promised jobs that pay large sums of money in return. Criminals often target people who usually fall under the radar, including those who don't have a criminal record or the financially vulnerable.
- ✓ One of the mule's responsibilities is to open up bank accounts and deposit the illegal money into them. Money launderers then begin making wire transfers and using currency exchanges to move the money around the financial system to avoid further detection.

3. Shells. Shells or shell corporations are companies that don't have any business activity or operations, physical operations, assets, or employees. Many shells are legitimate business entities that are used to raise money and fund the operations of a startup company or to manage a merger or acquisition. But other cases involve the creation of shells by fraudsters who want to hide illegal activities and/or avoid paying taxes. Many individuals do this by setting up shell companies in jurisdictions that guarantee anonymity, allowing them to make deposits and transfer money into different accounts. Shells also allow people to avoid reporting income and paying taxes to authorities like the Internal Revenue Service (IRS).

4. Gambling/Casinos. Using casinos for money laundering leverages the high volume of cash transactions and the relative anonymity of the players to disguise the origins of illicit funds. Criminals buy chips with dirty money and engage in minimal gambling activity, often choosing low-risk bets to avoid significant losses. After spending a small amount on the games, they cash out their remaining chips. Since casinos provide winnings in the form of checks or direct bank transfers, the funds appear to originate from legitimate gambling activities.

5. Cryptocurrency. The use of digital currencies and cryptocurrencies for money laundering exploits the decentralized and often pseudonymous nature of financial systems. Cryptocurrencies like Bitcoin enable users to move money across borders quickly and with relatively low fees. The blockchain technology underlying these currencies records transactions transparently but often does not directly link them to personal identities, making it challenging for authorities to trace the origins and destinations of illicit funds. In practice, a money launderer might purchase Bitcoin using illicit cash. They can then transfer the Bitcoin through multiple digital wallets, further obscuring the transaction trail. After moving the funds through several intermediaries or using mixing services that pool and redistribute transactions to enhance anonymity, the launderer can convert the Bitcoin back into fiat currency in a different country with more lenient regulatory oversight.

6. Cash-Intensive Businesses. Money laundering through cash-intensive businesses involves using establishments that primarily deal in cash to mix illicit funds with legitimate income. These businesses are ideal for laundering because their high volume of cash transactions makes it easier to blend dirty money with clean money, reducing the likelihood of detection. If you've seen the television show *Breaking Bad*, you can imagine why Walter chose a laundromat as his business.

Among the many variants of money laundering are structuring (aka smurfing), currency exchanges, bank capture, shell company schemes, and both trade-based and gambling-based money:³²

1. Structuring (aka smurfing): “Structuring” transactions into small payments and other miniscule exchanges (like the Smurfs moving tiny packages around) to reduce the chances of detection from authorities.

2. Currency exchanges: Transferring the nature of the illicit funds, especially in the knowledge that currency values constantly fluctuate.

3. Bank capture: Gaining and exploiting partial or even full control over the operations of a bank – often offshore and in a jurisdiction that has limited AML measures – with the aim to launder money under the guise of a legitimate system of payment processing, whether it’s in terms of storing, exchanging, investing, or otherwise.

4. Shell company schemes: Utilizing shell companies, i.e. organizations that exist in name only (although shell companies can be legitimate, especially those that are transparent about why they’re shell companies in the first place) so that transactions can be made under the cover of one or more registered businesses.

5. Trade-based money laundering: Disguising illicit activities by carrying out ostensible business exchanges, especially through price misrepresentation tactics such as over-invoicing and/or under-invoicing.

6. Gambling-based money laundering: Obscuring illegal transactions by placing ostensible bets and wagers and exploiting certain transactional activities that are specific to the targeted and/or complicit casinos – with chip walking being a common example, namely when criminals “clean” their money by buying a great many chips, running through the motions of a brief and conservative gamble, and then cashing out the vast majority of their chips leftover.

There are many forms of money laundering though some are more common and profitable than others. Some of the more popular money laundering techniques include:³³

- Bulk cash smuggling involves literally smuggling cash into another country for deposit into offshore banks or other type of financial institutions that honor client secrecy.
- Structuring, also referred to as “smurfing,” is a method in which cash is broken down into smaller amount, which are then used to purchase money orders or other instruments to avoid detection or suspicion.
- Trade-based laundering is similar to embezzlement in that invoices are altered to show a higher or lower amount in order to disguise the movement of money.
- Cash-intensive business occurs when a business that legitimately deals with large amounts of cash uses its accounts to deposit money obtained from both everyday business proceeds and money obtained through illegal means. Businesses able to claim all of these proceeds as legitimate income include those that provide services

³² Jendruszak, B., (2024), What Is Layering In Money Laundering & How Does It Work? Global web icon, <https://seon.io/resources/layering-mon>.

³³ Content Team, (2023), Money laundering, <https://legal.thomsonreuters.com/en/insights/white>.

rather than goods, such as strip clubs, car washes, parking buildings or lots, and other businesses with low variable costs.

- Shell companies and trusts are used to disguise the true owner or agent of a large amount of money.
- Bank capture refers to the use of a bank owned by money launderers or criminals, who then move funds through the bank without fear of investigation.
- Real estate laundering occurs when someone purchases real estate with money obtained illegally, then sells the property. This makes it seem as if the profits are legitimate.
- Casino laundering involves an individual going into a casino with illegally obtained money. The individual purchases chips with the cash, plays for a while, then cashes out the chips, and claims the money as gambling winnings.

In today's interconnected world, financial crimes have become increasingly sophisticated, posing significant threats to global economic stability and security. Trade-Based Money Laundering is a complex method employed by criminals to conceal the proceeds of illegal activities through the manipulation of international trade transactions. By altering trade documents and processes, such as invoices and shipping records, criminals can mask the true sources of their funds, making them appear legitimate:

1. Trade-Based Money Laundering encompasses various techniques, including over-invoicing or under-invoicing goods, misrepresenting the quality or quantity of goods, and using false documentation to deceive authorities. These tactics enable criminals to channel illegal funds into the legitimate financial system, bypassing traditional anti-money laundering measures.

2. Trade-based money laundering methodologies frequently involve a misrepresentation of the value of the goods that are part of a trade deal:³⁴

- Essentially, trade-based money laundering is the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illicit origins.
- Trade-based money laundering techniques vary in complexity. They are frequently used in combination with other money laundering techniques to obscure the money trail further.
- In essence, there are six different methods of trade-based money laundering, which are:
 - ✓ Over-invoicing or under-invoicing: The first technique involves over-invoicing or under-invoicing. In the case of over-invoicing, the goods or services are priced above the fair market price, and the seller can receive value from the buyer. In the second case, under-invoicing, the goods or services are priced below the fair market price, and the seller can transfer value to the buyer.
 - ✓ Over-shipping or short-shipping: The second technique makes use of over-shipping or short shipping. They work through a difference in the invoiced quantity

³⁴ Financial Crime Academy, (2024), Trade-Based Money Laundering: Definition, Risks and Regulatory Methods, <https://financialcrimeacademy.org/trad>.

of goods and the number of shipped goods. The buyer or seller gains excess value based on the payment made.

- ✓ Ghost-shipping: The third technique is called ghost-shipping. Ghost-shipping is fictitious trades where a buyer and seller collude to prepare all the documentation indicating goods were sold, shipped, and payments were made, but no goods were shipped
- ✓ Shell companies: The next technique is not necessarily limited to trade-based money laundering but can be used throughout several money laundering activities. This technique involved the use of shell companies. Shell companies are part of a broader subject about which we will also briefly talk about later. They are used to reduce the transparency of ownership in the transaction.
- ✓ Multiple invoicing: The fifth technique is called multiple invoicing. Multiple invoicing means that numerous invoices are issued for the same shipment of goods, thus allowing the money launderer the opportunity to make numerous payments and justify them with the invoices
- ✓ Black-market trades: Lastly, there is the technique of so-called black-market trades. Black-market trades are also commonly referred to as the Black-Market Peso Exchange. A domestic transfer of funds is used to pay for goods by a foreign importer.

CONCLUSION

Money laundering is a necessary component of the organized crime that too frequently spans borders, skirts taxes, funds terrorism and corrupts officials—and it comes with hefty macroeconomic costs. Bad actors are also embracing new technologies on top of their traditional techniques, all of which makes economic growth less inclusive and sustainable, fueling inequality and informality:

The international community has made significant progress toward strengthening safeguards against money laundering and terrorist financing, with help from the IMF and other organizations. We decided a decade ago to take a more bespoke approach to identifying key risks, working with member countries and international partners, particularly, the Financial Action Task Force, the international standard-setter in this area.

The overall efforts are still broadly insufficient. For example, as the FATF noted last year, there is still a major gap between progress countries have made on technical compliance, such as enacting new laws, and on the effectiveness of these efforts. For example, very little laundered ill-gotten proceeds are ever confiscated.

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