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**“Intelligent analysis and prediction of economic and financial
crime in a cyber-dominated and interconnected business world”**

(FinCrime)

BOOK OF ABSTRACTS

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THE IMPACT OF FINANCIAL CRIMES ON COMPANIES' EVOLUTION

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Abstract: The development of an old and even a new business is often a situation in which the managers are investing important amounts of money without any guarantee of the business's success, an important influence coming from criminal activities to which companies are vulnerable nowadays, a category of interest being the financial crimes. Based on the literature review, financial crimes can be classified into four main bodies, namely, corruption, fraud, theft, and manipulation, with a massive variety of crime types and crime names in the literature that can be successfully allocated to these main categories, such as kickbacks, embezzlement, and extortion. The current paper, which represents a combination of a literature review and secondary data analysis, surprises the influence of financial crimes in managerial decisions and in companies' evolution. The article opens with a brief introduction, followed by a comprehensive literature analysis that will underline from a theoretical perspective the concepts of financial crimes, present different types of criminal activities, and underline the way financial crimes might be linked to the development of a company. The second part of the paper covers the practical component of the article and the author will show, based on secondary data analysis, the particularities of a criminal case of embezzlement instrumented in the fall of 2022 by the police officers from the economic crime investigation service, in order to create as complete a picture as possible regarding the complexity of these crimes, the mode of action and to identify managerial decisions that can prevent the commission of such acts in the future. The article has several limitations and conclusions that must be considered when covering such a topic, but the author will underline the theoretical, managerial, and practical implications.

Keywords: financial crimes, private companies, integrity

JEL classification: F5

IS TAX AVOIDANCE ONE OF THE PURPOSES OF FINANCIAL DATA MANIPULATION? THE CASE OF ROMANIA

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Abstract: In the current global corporate world there has been much discussion over financial statement manipulation and its scope. One of these is tax avoidance, which has recently received a lot of public attention. Tax avoidance constitutes a practice to lower taxes that conforms with tax law standards, but it is unethical. Companies avoid taxes in a variety of ways and use different methods to do that, one of the most common being earnings management. The purpose of this paper is to investigate whether companies manipulate their financial data in order to reduce taxes paid. We considered a sample of 63 listed Romanian companies for the period 2015–2021. The Beneish model was used for estimating earnings management, and the Effective Tax Rate (ETR) was used to measure tax avoidance. We obtained interesting results about the relationship between the manipulation of financial data and tax aggressiveness performed by Romanian companies after examining their financial data. Because it analyzes concrete cases using financial data and provides some recommendations for addressing the issue of tax avoidance, this work is useful in advancing both quantitative and qualitative research on this topic.

Keywords: earnings management, effective tax rate, financial manipulation incentives, financial reporting, tax avoidance

JEL classification: H26, G30, M40

PERFORMANCE AND QUALITY IN THE UNIVERSITY SYSTEM. A BIBLIOMETRIC ANALYSIS

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Abstract: Universities have a mission of continuous training of generations to ensure performance and quality. The theoretical framework considers the independent and dependent relationship between performance and quality. The longitudinal approach (1989-2005; 2006-2023) provides a comprehensive picture of the concepts, with the Bologna process delineating the intervals. The evolution of performance and quality is favourable with the implementation of the Bologna process.

The European Bologna system has been investigated by many researchers, which demonstrates the topicality of the research topic. The main objective is to reveal the current state of the literature and the influence of performance and quality in universities.

Research questions: RQ1: What is the state of the literature on university system performance and quality? RQ2: Does performance and quality influence the university system? The search methodology combines the words: performance, quality, university system, sustainability reporting and sample of 371 articles. Quantitative analysis. The large number of articles written has increased with the implementation of Bologna. The influencing factors on quality and performance reported by the bibliometric analysis are transparency, sustainability reporting, corporate governance, governance, standards, financial and non-financial information. Originality of the article: longitudinal and comparative approach to concepts; extended period investigated.

Stakeholders: regulators, universities, partners/investors, students/potential students, researchers.

Limitations: quantitative analysis and co-occurrence analysis of keywords used also have limitations.

Keywords: performance, quality, university system, bibliometric analysis, higher education

JEL classification: I20, I23, Co

THE INTERVENTION OF LOCAL PUBLIC GOVERNMENT IN THE ECONOMY – A COMPARATIVE ANALYSIS AT THE EU LEVEL

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Abstract: State interventionism is a current phenomenon that over time has been under the influence of factors such as interstate divergences, economic crises, social crises, the health crisis, the recent energy crisis, the politics of government within the country, regional politics and the phenomenon of globalization. The continuous decentralization of public services from the central level to the local level, correlated with ensuring financial autonomy, make local authorities intervene differently in the economy at the level of the European Union states, through the allocation of local public funds. In this sense, an important role belongs to the analysis of the intervention of local authorities through the allocation of public funds, because it is accepted that local public administrations are the closest to citizens, know their needs best and must provide a wide and qualitative range of public services. The results of the analysis show significant differences between EU member states regarding the degree of interventionism at the level of local budgets, including the allocation of local public funds to types of expenses that local authorities frequently prioritize.

Keywords: interventionism, local budget revenues, local public expenditures, expenditure by function, GDP

JEL classification: H71, H72, H76

POLITICAL STABILITY AND CORRUPTION NEXUS: AN INTERNATIONAL PERSPECTIVE ON EUROPEAN AND ASIAN COUNTRIES

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Abstract: Corruption stands as one of the most harmful phenomena due to its tendency to precipitate organizational collapse, cause economic downturns within nations, and erode trust in a country's capital markets. The effects of corruption are complex, exhibiting variations among countries based on their political and financial institutional frameworks. This paper aims to investigate the impact of political stability on corruption by drawing upon a sample encompassing both developed and developing European and Asian countries. The dataset, sourced from the Refinitiv database, spans from July 2014 to December 2020. Panel data techniques, specifically pooled estimation and the dynamic panel data (GMM), are employed. The analysis encompasses both fixed and random effects models to capture country-specific cross-sectional effects. Economic freedom, poverty, and GDP are introduced in the investigation as control variables. To test heterogeneity, the dataset is further divided into two distinct subsamples based on location and economic development. Empirical findings substantiate that political stability has a statistically significant impact on corruption in most countries examined. A novel feature of our research resides in its broad examination of a sizable sample of European and Asian countries. The study depicts policy recommendations, outlining effective and reasonable measures aimed at improving the political landscape and combatting corruption.

Keywords: corruption, political stability, economic freedom, poverty, gross domestic product

JEL classification: K40, C58, D73

CHALLENGES RELATED TO FINANCIAL SECURITY IN CASE OF DIGITAL CURRENCIES

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Abstract: PSD2 Directive allowed payment systems in Europe huge development, visibility for current accounts through various access channels and consequently possibility for clients to perform payments through several means (open banking). It opened the road for banks to collaborate with Fintech providers in order to develop modern digital options for performing payments even with mobile phones. The utilization of these modern techniques needs however advanced security, including also strong customer authentication. Together with the development of technology so that people can make payments and money to arrive at destination in real time (although money is transferred interbank in the background), while people keeping significant amounts of money in accounts dedicated to current expenses, financial institutions need to permanently adapt their security infrastructure so that not to have system vulnerabilities for fraudsters to access such accounts. We analyzed various public information related to measures that banks are taking for protecting their systems against frauds in Romania and observed some features that resulted in a significant decrease of fraud cases with regards to cards not present.

Mobile wallets, two factor and multi factor authentication, data mining techniques that analyze big data to discover potential fraudulent transactions, random number generation authentication solutions that provide One-Time Passwords/PINs (OTPs) for secure access to computers, networks and the Internet. Support Vector Machine (SVM), Artificial Neural Networks (ANN), Bayesian Network, K- Nearest Neighbour (KNN), Hidden Markov Model, Fuzzy Logic Based System and Decision Trees are also used to determine potential card frauds. European legislation is in progress with regards to defining the framework for digital euro, the principles of 5G technology and mobile wallets. Only by using the standardized infrastructure, cybersecurity can be in place and the CBDC could be implemented in a safe manner for users.

In our paper we envisage some methods currently in use for the banking system, that could be also used to overcome security risks in case of digital currencies.

Keywords: card not present frauds, digital euro, cybersecurity, payments, customer authentication

JEL classification: O31, E42, K24

THE ROLE OF THE ACCOUNTANCY PROFESSION IN DETECTING AND PREVENTING FRAUD, IN A DIGITAL ENVIRONMENT

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Abstract:

Purpose – This study aims to provide a systematic literature review (SLR) of the relationship between digital technologies and the role of the accountancy profession in preventing and detecting fraud, proposing a future research agenda.

Design/methodology/approach – A three-decade assessment of studies was analyzed to answer research questions. A SLR explored the role the accountancy profession in detecting and preventing fraud and the impact of digital transformation on the accountants' processes to address fraud. The Web of Science database was used as a leading source for accessing the articles.

Findings – Results of the analysis highlight the following emerging research streams about the role of the accountancy profession in the fight against fraud: the auditor's (internal or external) role in the detection of fraud through audit planning, auditor judgements, auditors' fraud risk assessment and corporate governance mechanisms; forensic accountant's role using beyond normal audit approaches and procedures for fraud identification; and finally, the impact of digital technologies on accountants' work as a way to address and mitigate fraud, resulting in improving corporate social responsibility, accountability and transparency.

Research limitations/implications – How digital technology may potentially transform and enhance the work of accountants and auditors in their endeavor to obtain more effective results that would translate in greater transparency for all stakeholders.

Originality/value – The originality of this paper derives from connecting the existing literature on accounting and auditing considerations of fraud, to digitalization processes. Moreover, it provides useful insights into best practices and prompts identifying avenues for future research in the field.

Paper type – Literature review

Keywords: fraud detection, fraud prevention, accounting, auditing, digital transformation

JEL classification: M40, M41, M42

EXAMINING THE WHITE AND DARK SIDES OF DIGITALISATION EFFECTS ON CORRUPTION. UNVEILING RESEARCH PATTERNS AND INSIGHTS FOR FUTURE RESEARCH

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Abstract: The aim of this study is to explore the effects of digitalisation on corruption prevention by conducting a thorough review of existing literature. To achieve this, we used a combination of bibliometric analysis and systematic review. We utilised advanced bibliometric software, called Biblioshiny on R Studio, to scrutinise 190 carefully selected papers from the Web of Science database from 2000 to 2023. We examined publications' dynamics, most influential journals and publications, and most impactful authors. The three-field plot was used to analyse the relationships among countries, keywords, and journals. A systematic review was also conducted to analyse the 50 most impactful articles in this field. Thus, we focused on the background theories, research methodologies, and primary contributions of the field's top 50 most influential papers, examining digitalisation's positive and negative impacts on corruption. Finally, we presented research patterns and key insights to guide future studies in this area for the most effective development directions.

Keywords: digitalisation, corruption, bibliometric analysis, content analysis, e-government

JEL classification: D73, M48, O33

EXPLORING THE RELATION BETWEEN FRAUD RELATED TO EU FUNDS AND CORRUPTION INDICATORS

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Abstract: Despite the various estimations regarding the extent of fraud affecting EU funds, the data may not be necessarily relevant as they underestimate its magnitude. Under these circumstances, this paper tries to seek answers to the question of how to evaluate the risk of fraud a question that concerns all the players in the field. Using both a statistical and an empirical approach the authors analyse if it is in fact possible to gain insight on this issue using objective indicators based on administrative data from large-scale public procurement databases (Tender Electronic Daily) alongside the much better known but also more criticized perception and experience-based indicators, in the same way in which the level and the risk of corruption is estimated. The empirical study carried out in this paper, consistent with previous research, proves that objective indicators are practical tools that can be used in measuring fraud as well as they are used in measuring corruption.

Keywords: fraud, EU funds, corruption, objective indicators

JEL classification: D73, K42

UNDERSTANDING ECONOMIC CRIME: A COMPREHENSIVE ANALYSIS OF PATTERNS AND COUNTERMEASURES

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Abstract: Global economies continue to face severe economic crime difficulties, affecting the public and private sectors. This study highlights the complex nature of economic crime, its underlying trends, and practical resistance. This paper examines the crucial goals of financial criminals, the sectors most susceptible to economic corruption, and the techniques used to commit such crimes through a thorough assessment of the current literature, empirical analysis, and case studies. Our research shows that economic criminals frequently use fraud, embezzlement, money laundering, and corruption because the desire for financial gain drives them. Due to obscured regulatory regimes and high financial stakes, several industries, including finance, healthcare, and government, are vulnerable to economic crime. The development of cybercrime due to technical improvements also represents a severe threat to individuals and organizations. We suggest a multi-pronged strategy involving more regulatory monitoring, employee education and training, and cutting-edge technological solutions to combat economic crime effectively. Law enforcement authorities, financial institutions, and governmental organizations must work together for a thorough response. Our study concludes that fighting economic crime necessitates a comprehensive approach that combines preventive measures, early detection systems, and prompt application of legal sanctions. By comprehending the trends and driving forces underlying economic crime, society may fortify its defenses against these dangers and endeavor to create a more stable and resilient economic environment. This study contributes to the continuing discussion on financial crime by offering viewpoints and suggestions for stakeholders at all levels to address this prevalent problem successfully.

Keywords: economic crime, patterns, countermeasures, vulnerable sectors

JEL classification: D73, E26, G18

TRAFFICKING IN PERSONS: THE PHENOMENON AND ITS CONTEXT. INFLUENCE IN ECONOMIC AND SOCIAL LIFE, PREVENTION AND MITIGATION MEASURES

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Abstract: Human trafficking is a major problem for Romania and the whole world. Every year, thousands of people, mostly women and children, fall victims to trafficking for the purpose of sexual exploitation or for other purposes, trafficking in live flesh, organs, blood or even dogmatic, but not least exploitation for hard labor and in inhuman hygiene conditions.

The statistical indicators show the continuous increase in the number of victims, and Romania is in the leading positions.

Actions to combat human trafficking have human, social and economic implications.

With the technological evolution, a new form of aggression appeared, it is cyberbullying. The Internet has provided an opportunity for malicious people to quickly and easily interact with other people, turning them into victims.

Actions to combat human trafficking have human, social and economic implications.

Human trafficking actions are in contradiction with the defense of human rights, guaranteed by the constitution and public policies at the national, European and international level. The Romanian state, through the central level structures, ensures the citizen's guarantee, coexistence in a climate of peace and safety.

Keywords: Human trafficking, victims, statistical indicators, economy, measures

JEL classification: A13, B 41, B55

EXPLORING THE CONNECTION BETWEEN DIGITAL LITERACY AND EMPLOYMENT: AN EMPIRICAL ANALYSIS FROM ROMANIA

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Abstract: This study uses an empirical analysis of publicly available data to investigate the connection between digital literacy and employment in Romania from a European perspective.

Since digital literacy is becoming a necessary skill for employability, it is important to understand how it affects people's chances of getting work. Using publicly available data from the European Union and national statistics organizations, this study investigates the employability of Romanians and their levels of digital literacy. The study uses statistical techniques like panel regression analysis and correlation as well as a quantitative methodology. The findings show a positive correlation between employment and digital literacy, with higher employment rates being linked to higher levels of digital literacy. The report also demonstrates that employability in Romania is becoming more and more reliant on digital literacy, indicating a growing need for digital skills on the country's labour market. These findings, which have important implications for Romanian policymakers, educators, and employers, underscore the necessity of digital literacy training and development to improve employability and close the digital skills gap. Further research on the impact of digital literacy on the quality and satisfaction of jobs in Romania and other EU member states can help to build a more comprehensive knowledge of the role of digital skills in the labour market.

In conclusion, this research contributes to the growing corpus of knowledge regarding the importance of digital literacy in the labor market and provides valuable guidance to employers, educators, and legislators in Romania and other countries experiencing similar challenges.

Keywords: digital skills, digital literacy, employment rate, Romania, probability of employment

JEL classification: I20, I21, I25

THE IMPACT OF POVERTY ON CORRUPTION – A QUADRATIC APPROACH FOR EU-27

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Abstract: The purpose of our paper is to assess the impact of poverty rates upon corruption phenomena. Reducing poverty and social exclusion has become crucial nowadays, bringing along positive effects upon the perceived cleanliness from corruption. Our paper evaluates various poverty proxies as subjectively assessed corruption determinants through linear and quadratic approaches. We determine threshold values for the at risk of poverty rates on genders and age groups, as inflection points for its quadratic function of impact upon the Corruption Perception Index. Policy implications are sketched, to maximize the beneficial effects of poverty reduction upon corruption.

Keywords: corruption, poverty rate, at risk of poverty and social exclusion, panel data analysis, parametric approach

JEL classification: I32, D73

THE DETERMINANTS OF VAT COMPLIANCE GAP REVISITED

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Abstract: The objective of our paper is to revisit the main determinants of the value added tax (VAT) compliance gap for the EU-27 member states. Our work focuses on the shadow economy, final consumption, VAT revenues, standard VAT rates, differences between the standard and reduced rates, economic prosperity, press freedom, political stability, and others, as determinants of European VAT compliance gaps, for the 2005-2020 time interval. Using panel data econometrics and multiple regression modelling, we validate the direct impact of shadow economy and the indirect impact of VAT revenues, economic prosperity and press freedom, upon VAT compliance gaps. Our results are discussed and conclusions are drawn.

Keywords: VAT compliance gap, VAT revenues, standard VAT rates, final consumption, press freedom

JEL classification: H2, E26

CORPORATE GOVERNANCE AND FINANCIAL FRAUD APPEARANCE – CASE STUDY FOR ROMANIAN COMPANIES

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Abstract: Corporate governance, being a crucial component of the economic landscape, is a subject of significant interest. Over time, scholars have endeavored to identify the most effective characteristics of corporate governance that directly influence the well-being of a company. Thus, the present study contains a sample of 65 companies, for the period 2016-2022 listed on the BVB (Bucharest Stock Exchange). By using the "Comply-Explain" statement we have first computed the Corporate Governance score, and then, we have selected six corporate governance elements: EQUIL (Equilibrium of board members), INDEP (Independence of board members), NOM (Selection of the board members), REM (Remuneration policy) and AUDIT (Audit committee) and GenF (the proportion of female directors in board), to see the interaction with financial fraud appearance. The data were processed by using the xtgls with Panel-specific AR (1) Correction, so as to explain how the BENEISH score has a negative implication on the corporate governance score (and components), controlling for the TypeAudit, BIG4 and CAP_PRIVATE. The results support our research hypothesis, revealing the fact that the BENEISH score negatively influences the Corporate Governance score and the elements: AUDIT, EQUIL, INDEP and GenF. This is an encouraging aspect, meaning that a qualitatively adoption of the corporate governance principles, decreases the financial fraud appearance.

Keywords: corporate governance, equilibrium of board members, selection of the board members, audit committee, independence of board members, remuneration policy

JEL classification: G3

A BIBLIOMETRIC AND SYSTEMATIC ANALYSIS OF THE LITERATURE REGARDING THE IMPACT OF DIGITALIZATION ON THE EFFICIENCY OF TAX COLLECTION

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Abstract: This study presents an extensive bibliometric review of research publications on the literature of the impact of digitalization on the efficiency of tax collection using the Scopus and WOS database. Data analysis was conducted using VOS Viewer. Since 2012, there has been a continuous growth in the number of research papers published of the impact of digitalization on the efficiency of tax collection. The European Union emerged as the most productive country in terms of published tax collection studies.

Moreover, this study acknowledges the crucial role of education on the impact of digitalization on the efficiency of tax collection. It highlights the significance of educational institutions, such as Babes Bolyai University, in generating valuable research on the impact of digitalization on the efficiency of tax collection. By promoting education and raising awareness about the intricate nature of tax collection, scholars and practitioners can make well-informed decisions and formulate effective strategies to mitigate its adverse effects.

To the best of the researcher's knowledge, this study represents the first extensive bibliometric analysis that offers a comprehensive overview of tax evasion research while recognising education's vital role in tackling this issue.

Keywords: taxation, tax collection, digitalization, digital taxation, tax evasion

JEL classification: H20, H21, H29

DETERMINING OF MONEY LAUNDERING. A SYSTEMATIC AND BIBLIOMETRIC ANALYSIS

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Abstract: Money laundering is a prevalent and significant global issue that has a severe influence on both the financial system and the wider economy. The procedure involves the clandestine concealment and legitimization of unlawfully acquired funds produced from illicit activities. To adequately mitigate the matter of money laundering, it is imperative to get a thorough comprehension of its fundamental elements, operational methodologies, repercussions, and accompanying challenges. The primary aim of this research is to do a thorough and quantitative analysis of the academic literature concerning the phenomenon of money laundering within the time frame spanning from 1990 to 2021. This analysis comprises a comprehensive collection of more than 100plus academic publications on money laundering, sourced from the Scopus and Web of Science databases. The analysis utilizes a diverse set of bibliometric approaches and tools. The objective of this study is to determine the notable authors, publications, institutions, and nations that have made substantial contributions to the field of money laundering research. Moreover, the present study aims to examine the predominant topics, patterns, and research domains that have been investigated, while also pinpointing any current lacunae in scholarly literature. Furthermore, the research report provides a visual representation of the co-citation and co-occurrence networks related to the scholarly articles, authors, keywords, and sources. The primary objective of this study is to provide a significant contribution to the existing academic literature by conducting a comprehensive analysis and synthesis of contemporary research pertaining to the subject matter of money laundering. Moreover, this study aims to provide valuable insights into potential avenues for future research and aims to offer significant contributions to policymakers and practitioners operating within the relevant field. The report finishes by providing a comprehensive analysis of research subjects pertaining to money laundering, as well as identifying key areas that warrant further investigation for researchers committed to countering this illicit activity.

Keywords: anti-money laundering, money laundering mechanisms

JEL classification: G21, G28, G30

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