Abstract

This thesis examines the determinants of suspicious transaction reports (STRs) across 35 European countries from 2012 to 2023, focusing on the impact of the Russian invasion of Ukraine. A balanced panel dataset was constructed using data from national financial intelligence units, macroeconomic indicators, and conflict-related variables. The empirical analysis employs a fixed effects panel regression model to control for country-specific heterogeneity and persistent trends, enabling the disentanglement of structural and shock-driven effects.

The findings indicate that inflation shocks and remittances are the most persistent catalysts of discrepancies in STR reporting. At the same time, periods after above-trend GDP growth are associated with diminished levels of reported suspicious activity. In contrast, variables including unemployment, net migration, foreign direct investment, and war refugee inflows do not exert robust effects once country-level trends are accounted for. Furthermore, the observed period saw no statistically significant shifts in STR dynamics following the Russian invasion. These findings emphasise the pivotal role of macroeconomic instability, rather than acute geopolitical events, in shaping STR activity across European AML/CFT systems. They underscore the importance of harmonised data collection and rigorous evaluation of STRs as proxies for financial crime detection.

JEL Classification	K42, K14, G28, G18, F51, O17
Keywords	AML, CFT, Money Laundering, STR

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