

Counter-Terrorist Financing



Financial Intelligence and Investigation Bureau
Money Laundering and Terrorist Financing Risk Assessment

GLOBAL SITUATION



➤ Network Organisations, e.g. ISIL and Al-Qaida (AQ):

- Source of funding:
 - donations from sympathisers worldwide, through off-line and online campaigns
 - Online sale of organisational products, such as t-shirts and flags with organisational signs
 - exploiting natural resources (especially gas and oil) and conducting criminal activities (e.g. extortion, smuggling)
- Channel: hawala network and cash couriers
- Increasing use of professional enablers (e.g., lawyers, accountants) to facilitate their financing networks



GLOBAL SITUATION



➤ **Ethnically or racially motivated terrorism (EoRMT):**

- Sources of income may include donations, political grants, membership fees, mail-order or online sales
- Mostly rely on bank accounts and cash, with limited red-flags
- Dedicating significant parts of resources to training, e.g. training camps in remote areas of countryside for lectures, martial arts classes, and practice in the use of weapons

➤ **Small terrorist cells and lone terrorists:**

- Rely on legitimate sources of revenue (salary, savings, social benefits, support from relatives, small credit loans) as well as petty crimes.



Differences Between Terrorist Financing And Money Laundering

	Terrorist Financing	Money Laundering
Source of Funds	Funds can come from both legitimate and illegitimate sources . Legitimate sources may include personal savings, business profits, or charitable donations.	Funds are derived from criminal activities (e.g., drug trafficking, fraud, corruption).
Motivation and Purpose	The motivation is ideological or political rather than lucrative . The purpose is to fund terrorist acts, individual terrorists, or terrorist organizations.	The motivation is primarily financial gain or profit . The goal is to disguise the “dirty” origins of money so it can be used or reinvested as if it were legal.
Transaction Patterns	Frequently involves small amounts that are difficult to distinguish from normal daily financial activity, making detection by traditional volume-based monitoring challenging.	Often involves large sums and complex transactions (layering) to obscure the audit trail.



Common Methods And Channels

- Cash-Based & Informal Economy
- Money Value Transfer Services (MVTs) & Hawala
- Abuse of Non-Profit Organizations (NPOs)
- Self-Financing & Blending In





EVOLVING TREND



➤ **Digitalisation:**

- **Increased Digital Platform Exploitation:** e.g. electronic wallets, prepaid mobile card sales, and virtual assets (VAs).
- **Rising Use of Obfuscation Techniques:** increasingly using techniques like shared wallets, mixers, and chain-hopping to hide transactions. There is also a shift towards more private and secure VAs.

➤ **Decentralisation:**

- Regional affiliates are more autonomous on fundraising, and focused on inspiring “homegrown” attacks by lone actors or small cells in foreign jurisdictions.
- The TF risk involves continuous microfinancing strategies using:
 - Legitimately generated funds (salaries, savings)
 - Small transfers via diverse channels, with an increasing reliance on digital innovation.

➤ **Youth Radicalization:**

- A significant trend shows radicalized individuals are becoming younger. E.g. one in five terrorism arrestees in Europe is a minor.
- A key concern is the exploitation of video games and gaming platforms to influence and recruit youth.

TF INDICATORS

Examples of behavioural indicators

- (a) Customers who is inquisitive about transaction thresholds and how an institution processes transaction to and from a high-risk jurisdiction;
- (b) Records of travel or intention to travel to high-risk jurisdictions or online discussions around travelling to these jurisdictions;
- (c) Customer uses incorrect spelling or providing variations of their name when conducting funds transfers to high-risk jurisdictions;
- (d) Customers open account on behalf of entity potentially linked to terrorism;
- (e) Young individuals (between the ages of 17-26 years) open accounts and withdraw or transfer funds shortly afterwards; and
- (f) Entities located or active in geographical areas that are known to finance or support terrorist activities or in which terrorist organisations operate, or in areas bordering or crossing such areas.



TF INDICATORS

Examples of transaction indicators

- (a) Transactions involving multiple customers remitting funds to the same beneficiary or multiple beneficiaries in high-risk jurisdictions;
- (b) Suspicious or unverified purposes for sending funds, such as “family support”, “help for a person”, “donations” or “contributions to humanitarian aid” or similar terms;
- (c) Payments are made for the acquisition of special knowledge or qualifications, such as pilot’s licenses, weapons permits or driving licenses for large vehicles/ships;
- (d) Purchases of items with both civilian and military applications, also referred to as dual-use goods, (e.g., camping, survival, and medical equipment);
- (e) Purchases of chemicals, firearms, firearm making kits, ammunition, explosives, and/or tactical gear;
- (f) Payments to online retailers, charities, individuals or businesses that are known, or believed to sell violent extremist paraphernalia, literature, and/or merchandise; and
- (g) Payments to subscriptions or social media that are known, or believed to promote violent extremist paraphernalia, literature and/or merchandise.

TF INDICATORS

Examples of abuse of NPO indicators

- (a) NPO operates in high-risk jurisdiction;
- (b) The use of funds is not consistent with purpose for which it was established;
- (c) NPOs operating in conflict areas have wired significant funds to local companies whose activities are not related in any way to humanitarian services;
- (d) Crowdfunding and social media used to solicit donations, then online presence vanishes or shuts down;
- (e) Unclear designation and objectives of the NPO;
- (f) An NPO has unreported activities, or an NPO has programs, partners, or a financial report that do not tally with its activity report; and
- (g) Untypical increase in the frequency and number of financial transactions on an NPO accounts or, conversely, an NPO holds funds in its account for a very long period of time.



Thank you!