







# Terrorist Financing

## FATF's strategy on combating terrorist financing

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|  | <p><b><i>Follow the money</i></b></p> <p><i>Terrorists need money to carry out their atrocities, money for weapons, for supplies to make explosives, for travel.</i></p> <p><i>This money trail will provide valuable information to investigators and often allow them to identify those involved in the terrorist attacks. More importantly, by depriving terrorists and terrorist organisations of access to funding and the financial system, terrorist attacks could be prevented.</i></p> <p><i>The FATF is leading work globally to understand the risks countries face from terrorist financing and develop policy responses to all aspects of it.</i></p> |
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Combatting terrorist financing has been a priority for the FATF since 2001, however, in 2015, the scope and nature of terrorist threats globally intensified considerably, with terrorist attacks in many cities across the world, and the terrorist threat posed by the so-called Islamic State of Iraq and the Levant (ISIL/Da'esh), and by Al-Qaeda and their affiliated terrorist organisations, and by other terrorist organisations also becoming more significant. In December 2015, the FATF agreed that further concerted action urgently needs to be taken to strengthen global counter-terrorist financing regimes to combat the financing of these serious terrorist threats, and contribute to strengthening the financial and economic system, and security.

Today, FATF's work focuses on the following areas, set out in detail in a [FATF Consolidated Strategy on Combating Terrorist Financing](#).

-  Improve and update the **understanding of terrorist financing risks**, in particular the financing of ISIL/Da'esh
-  Ensure that the **FATF Standards provide up-to-date and effective tools** to identify and disrupt terrorist financing activity
-  Ensure **countries are appropriately and effectively applying the tools**, including UN Targeted Financial Sanctions, to identify and disrupt terrorist financing activity.
-  Identify and take measures in relation to any **countries with strategic deficiencies for terrorist financing**
-  Promote more **effective domestic coordination and international cooperation to combat the financing of terrorism**.



### Understand terrorist financing risks

Terrorist constantly adapt how and where they move their funds in order to circumvent safeguards that countries have put in place. They will use new technologies or products such as social media payments to attract and move their money. An important aspect of FATF's work is to identify and research the most prevalent trends as well as new terrorist financing sources and the methods that terrorist use to manage their assets, and raise awareness with countries and financial institutions. Understanding how a terrorist organisation raises, moves and uses its funds is critical to choking of the funds and to disrupting their atrocities. Key reports include:

- [Emerging Terrorist Financing Risks](#), October 2015
- [Financing of the Terrorist Organisation Islamic State in Iraq and the Levant](#), February 2015
- [other typologies reports](#)

see also

- [FATF-CIFG Communiqué](#), 17 February 2016

A joint FATF-CIFG meeting brought together 55 states and multilateral organisations, including the United Nations, the Egmont Group of Financial Intelligence Units, the International Monetary Fund, the World Bank and other stakeholders to exchange information on current efforts to combat ISIL financing.

FATF will continue to research ISIL financing and the impact of recent action against ISIL. This work will be done in close collaboration with the UN, the Counter-ISIL Financing Group (CIFG), the Egmont Group, Interpol and other stakeholders.



## **Up-to-date and effective FATF Standards to combat terrorist financing**

The FATF Recommendations, interpretive notes and guidance, provide countries with comprehensive tools to detect and disrupt terrorist financing activity. FATF strengthened the FATF Recommendations - or FATF Standards - in October 2015 to address the threat posed by foreign terrorist fighters, following the adoption of United Nations Security Council Resolution 2178. Recommendation 5 requires countries to criminalise financing the travel of individuals who travel to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training.

- [FATF Recommendations](#), February 2012

see also:

- 17 December 2015 - [The importance of urgent action to implement FATF's measures to counter terrorist financing and help defeat ISIL](#), speech by FATF President Je-Yoon Shin at the United Nations Security Council on the occasion of the adoption of [UNSCR 2253](#) which focuses on ISIL (also known as Da'esh), Al-Qaida, and associated individuals



## **Ensure countries are appropriately and effectively applying the tools (as set out in the Standards) to identify and disrupt terrorist financing activity**

Through its assessment and follow-up processes, the FATF determines how well countries are using these tools and provides recommendations to the countries on how they can be more effectively used. FATF updated its Methodology for assessing compliance with the FATF Recommendations to reflect the increased focus on terrorist financing activity.

- [Terrorist Financing: FATF Report to G20 Leaders - actions being taken by the FATF](#), November 2016

An FATF review of measures to cut off terrorism-related finance in the jurisdictions which take part in the FATF's global network on anti-money laundering and countering terrorist financing and reported the findings to the G20. The review found that most countries had comprehensive legal frameworks, although many countries still did not have basic measures in place to combat terrorist financing. By February 2016, more than 50 countries had amended their legislation, or were in the process of doing so.

- [Mutual Evaluation Reports](#)
- [Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems](#)



## **Identify countries with strategic deficiencies for terrorist financing**

Global safeguards to combat money laundering and terrorist financing (AML/CFT) are only as strong as the country with the weakest measures. Terrorists can circumvent weak AML/CFT controls to successfully move assets to finance terrorism through the financial system. A key objective of the FATF is to identify countries with significant weaknesses in their AML/CFT system, and to work with them to address these weaknesses. The FATF's process helps protect the integrity of the international financial system by issuing a public warning about the risks emanating from the identified countries. These public warnings also put pressure on the countries in question to address these deficiencies in order to maintain their position in the global economy. Public identification, or the prospect of public identification, encourages countries to swiftly make significant improvements.

- [High-risk and non-cooperative jurisdictions](#)



## **Promote effective domestic coordination and international cooperation**

It is often necessary to use a wide range of information to detect terrorist financing, identify the terrorists involved, and prevent a possible terrorist attack.

This information is usually available in various locations, held by different agencies and not linked up. Each individual fragment of this puzzle may not immediately raise concerns.

Governments need to make more effective use of financial intelligence, enable and improve better information sharing, and make more use of the powers they have to cut off terrorist financing.

The private sector, such as banks, have an important role to play in stopping terrorist financing. It is through them, that terrorists could attempt to gain access to the global financial system. Banks' understanding of terrorist financing, their vigilance, and their ability to take the necessary action and alert the national authorities, is essential. To assist the private sector, the FATF will develop terrorist financing indicators to help them detect possible cases of terrorist financing.

### **Key statements:**

- 14 December 2015 - [the FATF leads renewed global effort to counter terrorist financing](#)
- 27 February 2015 - [FATF Action on terrorist finance](#)
- 14 October 2014 - [FATF Action on the terrorist group ISIL](#)