



**INTERNATIONAL CENTRE FOR POLITICAL VIOLENCE
AND TERRORISM RESEARCH**

A Centre of the S. Rajaratnam School of International Studies



WORKSHOP ON COUNTERING THE FINANCING OF TERRORISM
23-24 September 2009
Tawana Hotel, Bangkok

The "Workshop on Countering the Financing of Terrorism" was held from September 23 to 24, 2009 in Bangkok, Thailand. The workshop was organized by the Consortium for Countering the Financing of Terrorism (CCFT) in cooperation with the Anti-Money Laundering Office (AMLO) of Thailand. The workshop participants came from the banking sector, financial investigation units, financial regulators, and law enforcement.



Police Colonel Seehanat Prayoonrat, the Secretary-General of AMLO-Thailand giving his welcome remarks

The speakers came from the International Center for Political Violence and Terrorism Research (ICPVTR), World Check, AMLO, the Royal Thai Police and the private banking sector. The participants were introduced to the basic facts and differences between money laundering and terrorist financing and how there are indicators that could serve as warning signs of suspicious transactions. The workshop stressed that the financial sector and law enforcement agencies must work together in creating a hostile environment for terrorists and other financial criminals who set out to exploit weaknesses in the financial/banking systems. Know Your Customer (KYC), Know Your Employee (KYE) and Customer Due Diligence (CDD) and the effectiveness of Sanctions Lists were some of the major practices highlighted in the seminar. Emerging payment systems in the realm of terrorist financing were also discussed while case studies on the financing of terrorist incidents helped to underscore the importance of financial investigations and the applicability of financial indicators in post-attack investigations.

The highlight of the workshop was the "Terrorist Financial Investigation Simulation Exercise" which demonstrated the concept and various ways of raising, moving, and storing funds for planning a terrorist attacks. The exercise entailed dividing the participants into groups of four representing the police/law enforcement, financial investigation unit, and two private banks. The groups were given scenarios, inject, and updates at certain parts of the exercise to assist with the financial investigation task. The exercise highlighted the importance of public-private sector partnership in dealing with the situation at hand.

Participants Feedback

The workshop participants said that prior to the workshop, they have little understanding or knowledge about the differences between Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT). Those from the banking sector shared that they understand the importance of financing for terrorists and that by law, they are required to implement a number of controls and procedures, such as KYC, CDD, and STR or suspicious transactions reporting, to prevent money laundering and terrorist financing. Some of the bankers also noted that AML/CFT for them is usually just for compliance with the law and regulations.

Participants shared that after this workshop, they were able to see how CFT is becoming more important and that how as banks they are in the position to lead such initiatives as they have the indicators in place to check their customers and their financial transactions. From the case studies on the 2005 London bombings and 2002 Bali attacks, they learned the methods of AML/CFT and how KYC and CDD practices could have prevented those attacks from taking place. There was a sentiment that more measures should be in place that would extend for both AML and CFT and that the banks should have more knowledge about terrorist financing. AML/CFT can reduce the risk of terrorist attacks, identify organizations and personalities with suspected involvement in terrorist financing and thus they can help prevent or predict terrorist attacks.

One participant notes *"Having participated in this workshop has driven me to think beyond the role of the bank in AML/CFT. Banking systems does not only prevent money laundering and terrorist financing, they also have a key role in supplying valuable financial information in post money laundering/terrorist financing analyses. Moreover, there are currently new ways to carry out money laundering and terrorist financing due to the advent of technology and the internet and as such, it has made it more difficult for banks in AML/CFT"*.

Many are in agreement that the workshop helped them to understand the information puzzles in AML/CFT and that it allowed them to know and visualize more on how they could cooperate with each other, as banks or as members of the public sector. Many have expressed disbelief at how cheap terrorist attacks costs- in terms of the materials they used and other operational expenses. They fully understand how AML/CFT and financial investigations would help preempt terrorism by cutting off their key source of funds. It was widely acknowledged that the participants now have a good understanding of terrorist financing with respect to the nature and mechanics of terrorist groups. They have gained more insight in the "red flags" to look out for in financial transactions monitoring and how a good cooperative relationship between law enforcement, banks and Financial Investigation Units (FIU) can help in counterterrorism operations.

The "Terrorist Financial Investigation Simulation Exercise" was well received by the participants- a number of them noted how the exercise made them know more about managing a financial investigation related to terrorism and how it made them think of ways to resolve the case by sharing information and experiences with other organizations (law enforcement, FIU, banks). One participant shares *"the exercise helped me know more about the role of the banks, FIU and police in the real-case scenario"*.

Good cooperation between the public and private sector is required to prevent terrorist financing and trainings such as this one can really increase the understanding of the sectors concerned on the importance and urgency of countering terrorist financing.



Pictures taken during the conduct of the “Terrorist Financial Investigation Simulation Exercise”

Many recognized how modern technology can contribute to terrorism and other criminal activities and how terrorists were able to manipulate the banking system to suit their purposes. One participant noted *“banks must not only know about KYC and other related subjects, it is also important to know about the threats as well”*. Quite a number of them noted the importance of the case studies on financial investigations as it helped build on their knowledge and experiences about financial investigations and AML/CFT.

It was the general consensus that the workshop was very useful and that many of the participants would want to be part of similar workshops in the future. Many said that the simulation exercise was very helpful and they hope that more time should be appropriated for it. They also look forward to more simulation exercises and printed training materials so they could follow the lessons easily. Many of the participants said that they would like to extend the workshop to more than two days because many of the topics should be allotted more time for the sharing and discussions. There was a participant from the banking sector who would want to know more about the best practices in other countries about the monitoring of financial transactions, which is recognized as the most difficult tasks for the banks when it comes to AML/CFT.