

## Security Council

### Countering the Financing of Terrorism in Southeast Asia

#### Topic Background

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Many organizations in the Southeast Asia region have been financing terrorist groups.<sup>1</sup> Since the 1990s, the residual challenge posed by substate militant extremism has risen in reaction to both the force of modernization pursued by many Southeast Asian governments and the political influence of radical Islam.<sup>2</sup>

Due to this, the Association of Southeast Asian Nations (ASEAN) Regional Forum established guidelines to monitor suspicious financial transactions, to share intelligence across borders, and to investigate terrorist activities.<sup>3</sup> The biggest challenge has been in restricting the flow of financial support to terrorist organizations, especially in Southeast Asia where terrorists have developed methods to generate, store, and transfer funds without raising suspicion.<sup>4</sup>

For example, in the Philippines, such methods include the misuse of charitable organizations, extortion, fundraising, kidnapping and ransom, and narcotics sales. In Iraq and Syria, the terrorist group ISIS (Islamic State of Iraq and Syria) has generated revenue through kidnapping for ransom, looting, and the extortion of local businesses, including payments from drug traffickers operating in ISIS-controlled strongholds. The group also leverages their support network within refugee camps to receive donations from supporters in the international community. External donations to refugee camps come into the region through various means—such as money remitters and virtual asset service providers (VASPs)—and then exit the regulated financial system as cash, where they are subsequently sent

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<sup>1</sup> *Terrorist financing in southeast Asia.*

<sup>2</sup> *The evolving terrorist threat to southeast Asia: A net assessment.* RAND.

<sup>3</sup> *Terrorist financing in southeast Asia.*

<sup>4</sup> *ibid*

to the camp. To solicit donations, ISIS supporters in these camps often use various social media platforms and disguise their appeal as humanitarian aid. In Africa, extortion and kidnapping for ransom remain key sources of funding for ISIS, but recent reports also indicate that revenues from the extortion of artisanal gold mining-related activities is increasing. Virtual assets are being sent directly to ISIS supporters located in northern Syria, often to Idlib, or indirectly via Turkey, where ISIS is able to access them at virtual asset trading platforms.<sup>5</sup>

Another example of this, as of mid-2021, Hasan al-Shaban was using his Turkish bank account to receive and consolidate donations to AQ from associates across North Africa, Western Europe, and North America and separately used the account to coordinate the transfer of funds to Turkey.<sup>6</sup> The money was then used to support AQ terrorist operations in Syria.<sup>7</sup> Terrorist organizations have used these funds to support individuals who are carrying out terrorist plots, such as Zacarias Moussaoui who received a \$2,500 monthly stipend.

Countering this financing of terrorism in Southeast Asia must be a priority for the Security Council. The effects that it is making is alarming, quoting Australia's financial intelligence agency CEO Nicole Rose "Terrorist and organized crime groups are increasingly sophisticated international organizations and it is essential that we unite as a region to combat these threats together"<sup>8</sup>

## Bibliography

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<sup>5</sup> *2022 National Terrorist Financing Risk Assessment.*

<sup>6</sup> *Treasury designates Al-Qa'ida-linked financial facilitators in Turkey and Syria.*

<sup>7</sup> *ibid*

<sup>8</sup> *Countering terrorist financing and victim-based crime in South East Asia.* AUSTRAC.

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