Abu Sayyaf is blamed for numerous terrorist attacks across the Philippines such as this one in 2003

The Philippines-based militant group Abu Sayyaf has released four hostages from an electric cooperative company after holding them captive for over two weeks. The workers had been abducted on June 26 while reading electric meters in Basilan province. Reportedly a Muslim religious scholar or alim intervened and no ransom was paid. Despite the efforts of the Philippines army to curb the operations of Abu Sayyaf, the Islamist terror organisation remains a threat. Security experts say the group’s resilience is due to funding through various informal channels.

Even after the death of its leader Khadaffy Janjalani in 2006, the Islamist militant group Abu Sayyaf continues to wield terror in the Philippines, as indicated by the recent abductions of a television crew and workers from a state electric company.

The al-Qaeda linked Abu Sayyaf group says it is fighting for an independent country separate from the predominantly Christian Philippines. To fund its operations, Abu Sayyaf primarily uses kidnappings and extortions. The group is also known to secure funds from Muslim charities or alms collected at mosques, known as ‘zakat’.

It is this financial lifeline that enables Abu Sayyaf to keep striking. But to be able to permanently weaken Abu Sayyaf, the very source of funding needs to be targeted, says security and strategic expert Arabinda Acharya.
“If you want to fight terrorism in the long term, you cannot just depend on a ‘kill and capture’ strategy, you can kill and capture few leaders but they will regenerate. If you want to deal with these groups on a long term basis, you have to also deal with the financial aspects.”

More monitoring of international banking channels

Abu Sayyaf used to receive more funds through the regular banking system by infiltrating charities, NGOs or through legitimate businesses started by Islamist sympathizers. However, the strict monitoring of the international banking channels since the September 11 attacks in the US has made such methods more difficult.

As a result, terrorist groups such as Abu Sayyaf have started using more informal channels, explains Rohan Gunaratna, a counter-terrorism expert and the head of the International Centre for Political Violence and Terrorism Research in Singapore.

"Now most of the money comes from individual donors. Individual donors will either hand-carry money or they will even wire money to friends and family or people who are connected to terrorist groups."

These informal channels are usually based on trust within specific communities instead of official, contractual obligations, which makes such transactions very difficult to detect and regulate.

Guidelines not always implemented

The United Nations and the Financial Action Task Force have introduced several guidelines and measures to control these informal channels. These include regulating cash couriers, charities and the money transfer system, as well as monitoring the travel of designated individuals known to support terrorist groups.

But very often "countries do not implement those measures properly," says Arabinda Acharya. "For many reasons -- a few being that in some countries there is no interest to do it. Some countries they do not identify the terrorist threat as an existential threat. Some countries have vested interests; if they implement [these measures] there may be problems with political corruption issues because leaders are exposed to corrupt practices."

Monitoring informal financial routes has become one of the key security challenges when dealing with terror organisations. The responsibility thus lies not only with military and law enforcement officers, but also with financial organisations such as banks and agencies that deal with financial transactions or combat money laundering.

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