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Consortium set up to choke off movement of terrorists' funds

Banks, govts and academics to share info, home in on suspicious transfers; terrorists in region raising up to \$4.3m every month

By Chong Chee Kin

TERRORISTS in South-east Asia are raising up to US\$3 million (S\$4.3 million) every month for their activities, terrorism specialist Rohan Gunaratna said yesterday.

To choke off this funding lifeline and clamp down on movements of these funds, academics, banks and governments yesterday set up a consortium that will share information and home in on suspicious bank transfers.

Dr Gunaratna, who heads the International Centre for Political Violence and Terrorism Research here, noted that groups like the Abu Sayyaf, Jemaah Islamiah and Mujahideen Kompak get money from individual donors, proceeds from crime, from businesses run by terrorists and even charities infiltrated by terrorists.

His assessment of these groups' per-month takings comes from studying statements by arrested terrorists and examining the papers seized when such groups are busted.

He pointed out, however, that while US\$3 million a month - or US\$36 million a year - compared well to Al-Qaeda's needing US\$30 million a year to sustain itself ahead of the Sept11 attacks, South-east Asian terrorist groups numbered about a dozen.

'Individually, they aren't very rich compared to those in the Middle East,' he said.

But he added that they could not be ignored either.

This is where the fledgling Consortium for Countering the Financing of Terrorism comes in.

The grouping comprises the Association of Banks in Singapore (ABS), the Ministry of Home Affairs and the S. Rajaratnam School of International Studies (RSIS), of which Dr Gunaratna's centre is a part.

The launch of the grouping coincided with a seminar on Countering Financing Of Terrorism, organised by the Commercial Affairs Department (CAD), RSIS and ABS.

Dr Gunaratna said there have been instances of banks here being used by terrorists, but both he and ABS declined to name them.

Both of them said such incidents underlined the importance of banks and governments of different countries sharing information on suspicious movements of funds.

Sir James Sassoon, president of the inter-government Financial Action Task Force (FATF) who delivered the keynote address at the seminar, highlighted the importance of such cross-border cooperation in the war against money laundering and terrorist financing.

He said: 'International financial centres, such as London, New York or Singapore are attractive to money launderers who want to clean their ill-gotten gains, or to terrorist financiers who want to use the financial sector to fund their activities.'

ABS director Ong-Ang Ai Boon said the association's 119 member banks here are committed to tackling these issues.

She noted that no study has been done on the amounts spent by banks to detect suspicious transactions, but that every bank here has invested in systems and in training staff to do so.

BNP Paribas (Singapore) reported at least 20 suspicious transactions to the CAD last year, and even terminated two bank accounts, said its head of compliance for South-east Asia and India, Mrs Yvette Cheak.

Mrs Ong-Ang said a bank's reputation is put on the line each time someone tries to use it to launder money.

She added: 'No bank wants to be part of a chain to launder money, so a bank would rather not do business with that particular customer at all.'

However, studies done by overseas groups, including the Center for Contemporary Conflict at the US Naval Postgraduate School, recognise that stopping the flow of funds to terrorists is an increasingly complex task.

These studies point out that although banks are alert to fishy transfers of funds, terrorists are known to use other informal networks, such as couriers and unregulated money remittance systems, which are much tougher to track.

Terrorist groups have also been known to run their own, clandestine banking networks. Investigators suspect that these networks skim fees from remittances and divert these to the organisations.

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