

This article is based on the keynote address delivered at the Seminar on Countering Financing of Terrorism.

## **Countering Threat Finance in Asia by Professor Rohan Gunaratna**

### Introduction:

Finance is the life blood of any terrorist group. When terrorists collect, store, move and disburse funds, we can target their finances. At the very heart of countering the financing of terrorism is for both the government and the financial institutions to better understand the evolving terrorist threat. As no threat group is static but dynamic, its financial infrastructure is very much shaped and influenced by the evolution of threat.

With the US – led coalition withdrawal and the likely recreation of the terrorist sanctuary in Afghanistan in 2014, governments in Asia should prepare to meet the challenge of terrorism. The financial institutions, especially the banks, can do much to build systems and deny the terrorist groups from abusing the existing financial system. Key to detecting, disrupting and degrading terrorist finance is for governments and financial institutions to work in partnership.

### The Context:

The world is witnessing a very significant shift in the global terrorist threat. With the US-led coalition planning to withdrawal from Afghanistan, the re-creation of the terrorist sanctuary in Afghanistan is likely. In the pre 9-11 period, Afghanistan was the global epicentre of international terrorism. After the Soviets left Afghanistan in February 1989, more than thirty terrorism groups from around the world received training, weapons, finance and ideology. Because western forces with Afghan forces fought the most threatening terrorist network from 2001 to date, the rest of Asia witnessed relative peace. Today, Al Qaeda, Taliban and their associated groups believe that the US and the western forces have been defeated in Afghanistan. These groups are eagerly waiting until Western forces start to withdraw in 2014. Despite huge capabilities the coalition was unable to defeat the terrorist network. The Afghan forces planning to take over from the western forces are about 20 years behind the capabilities of the western forces.

### Return of Terrorism to Afghanistan:

As of today, considering the plans of the US – led coalition to withdraw from Afghanistan, the return of terrorism to Afghanistan is inevitable. With the re-emerge in Afghanistan of a terrorist sanctuary, it will not only affect Afghanistan but the neighbouring countries and beyond. Not only Pakistan, Iran, India and China will suffer but in our own assessment, the developments will affect wider Asia. If ideological extremism and terrorism grow in Asia, it will affect the rise of Asia as a centre in global economics and politics. Unfortunately, Asian countries have neither understood nor stood up to the challenge of providing the replacement troops and providing that commitment needed to Afghanistan to continue the fight.

The current threat landscape now in that region provides an insight into likely future developments. About 15,000 to 20,000 insurgents and terrorists from different threat groups notably the Pakistani Taliban, Afghan Taliban, and a dozen other groups are located on that border of 1,200 km. They are in the area called Federally Administered Tribal Area. Most of the terrorist attacks conducted globally since al Qaeda attacked the US diplomatic missions in Africa in August 1998, they have been trained and funded by the networks that existed in Afghanistan.

### Impact on Southeast Asia:

The recreation of the terrorist sanctuary in Afghanistan means Southeast Asian fanatics will start to travel again to Afghanistan for training. Furthermore, the Southeast Asian groups will

re-establish financial links with al Qaeda and its supporters both in the Af-Pak region and in the Middle East.

In Southeast Asia, the first major terrorist attack we witness was the Bali attack on October 12, 2002 where 202 people were killed. The attack was a joint operation by Al Qaeda and by Jemaah Islamiyah. About 400 terrorist in Southeast Asia including Singaporean terrorists were trained in Afghanistan. Afghanistan was a terrorist Disneyland, the most important venue for terrorist training. Bali, the 1st major terrorist attack that occurred in Indonesia, 40,000 American Dollars was sent from Pakistan to Thailand. Hambali, who was the operational leader of JI and Al Qaeda's point man in this region worked with JI leader Muklas to conduct the devastating terrorist attack. The remaining money of that 40,000 dollars was used to hit the J W Marriott in 2003. Subsequently there were 3 other significant attacks in Indonesia. The most notable attacks was the attack against the Australian Embassy in Jakarta. The terrorists re-visited Bali in 2005. The terrorist attack on J W Marriott and the Ritz Carlton hotels in July 2009 was funded by a Saudi financier.

Today, the threat landscape has changed in Southeast Asia since JI, the main terrorist group that collaborated with Al-Qaeda has been dismantled. However, there is a new equally capable terrorist group called Jama'ah Ansharut Tauhid (JAT). JAT is also led by Abu Bakar Bashir, the cofounder of JI . The JAT engages in a range of fund raising activities from individual contributions to robbery. JAT attacked a bank in Medan in August 2010. The terrorists who robbed the bank justified their act by calling it fai. Fai is the money the terrorists take from state and private sources for planning, preparing, executing terrorist attacks. The "religious justification for robbing was provided by Ustaz Gozali. He was debriefed by an investigator who shared insights. To legitimize sealing from the "apostates" and "infidels," Ustaz Gozali wrote a book about Fai. Fortunately, Detachment 88 under the direction of Major General Tito Karnavian engaged and rehabilitated Ustaz Gozali. Today, he speaks against violence and fai, a very concept that he promoted! Nonetheless, JAT continues to raise funds from a range of sources and using a range of methods.

#### Financial Sources:

Based on recent debriefings of terrorists, there are distinct trends and pattern of terrorist finance in this region. The terrorists use four principal sources of finance for current operations.

The first source of terrorist finance is money collected by terrorist groups from individuals. Individual contributions are an important source of finance for terrorism. Many individuals give money to various front, cover and sympathetic organization of terrorist groups even without knowing it is for terrorism. Those front, cover, and sympathetic organizations of terrorist groups have had accounts in banks because they sound innocuous. The front, cover and sympathetic organizations of these groups take the face of human rights organizations, humanitarian organizations, social organizations, educational organizations, cultural organizations, religious organizations, community organizations. A terrorist will never have an account in a bank with the label Al-Qaeda or Osama bin Laden. They will always have accounts in banks that cannot be easily linked to a terrorist group. When individuals give money to those front, cover and sympathetic organization, the terrorist group will store, move and disburse money.

The second source of terrorist finance is through charities, another principal source of money. People give money, especially Muslims give money, for charity. Muslims are very generous people and they give money for the poor called Zakat. The terrorist sometimes collected Zakat and use it for supporting and conducting acts of terrorism. In most cases, it is difficult to identify whether the money is collect for charity in a conflict zone or for violence in a conflict

zone. Osama bin Laden's brother-in-law, Mohamad Jamal Khalifa opened a branch of the International Islamic Relief Organization in the Philippines in 1988. This was in the same year Al-Qaeda was established. Khalifa had two weaknesses, one, he loved money and second, he loved women. Both of these became his downfall. After establishing his charity, he married Alice "Jameelah" Yabo, a Filipina. In 1994, the Philippine authorities working with the Americans disrupted Khalifa's network. He was linked to a domestic and an international terrorist network. The international terrorist network planned to destroy 12 American planes over the Pacific. The terrorists called this operation Oplan Bojinka and the operational mastermind was Ramzi Ahmed Yusef who had already bombed the World Trade Center in New York in February 1993. After fleeing from the US, Ramzi came to the Philippines and together with his uncle Khalid Sheikh Mohamed hatched the prototype for 9/11 attack. They were joined by Wali Amin Khan Shah alias Osama Asmuri, a close friend of bin Laden and Abdul hakim Murad, the first al Qaeda pilot. This operation was ultimately disrupted by the Filipinos, the Americans, the Malaysian, and the Pakistanis. They disrupted this operation and arrested everyone except Khalid Sheikh Mohamed, who escaped and masterminded the 9/11 attack. Unlike today when charities have come under greater scrutiny, about 40% of the Muslim charities at that time were infiltrated by terrorist groups. Charities operating in conflict zones should be carefully monitored.

The third source of terrorist finance is business. Terrorists own businesses. Originally a businessman, Bin Laden operated in Khartoum, Sudan from April 1991 to May 1996. Al Qaeda headquarters was in Sudan, and bin Laden created a number of companies. Of the two dozen companies that generated money for bin Laden and al Qaeda included Blessed Fruits that grew fruits for export to Europe. European love exotic foods and vegetables. They unwittingly contributed to bin Laden's budget. Bin Laden also had a business in Yemen. He traded in the best honey in the world that came from Shabwa. The terrorists in Singapore and Malaysia planned a travel company, a business for an adventure and recreation. All terrorist organizations have a finance division for not only generating but investing their money. Today, accountants, and bookkeepers work in terrorist organizations and they advise their leaders. The secretary of JI in Malaysia Zulkifli Marzuki was an accountant. The man who headed the Finance Division of Al-Qaeda Sheikh Saeed is a former bookkeeper from Alexandria, Egypt. They know how to manage their books well and have quite a good financial sense.

The fourth source of terrorist finance is crime. The terrorists raise money through bank, credit card and cheque fraud. Many banks do not care much about bank, credit card and cheque fraud because the insurance will compensate the banks for their losses. Just one terrorist operational cell in London can raise within a week 10,000 to 20,000 British Pounds. so this is one of the principle sources of terrorist finance. In addition to extortion and kidnapping, illicit drugs are another source of terrorist finance. One of the notable trends in Southeast Asia is terrorist are hacking into banks to raise money. The terrorists hacked into a few bank in Indonesia. The capability of terrorist hacking into banks may grow over time.