



Is Combating the Financing of Terrorism Worthwhile?

by Matthew Levitt



Combating terror finance is often hailed as one of the true successes in the “war on terror.” But is it? Even after six years of following and freezing terrorists’ funds, American and European officials warn Al Qaeda still has both the capability and intent to conduct devastating attacks.

Academic Ibrahim Warde¹ recently commented², “This whole hunt for terrorist money has been driven by politics and bureaucracy, not reality.” Warde’s latest book, *The Price of Fear*, denounces such efforts as a waste of time or worse, ruining innocents and hampering world trade. Warde’s doubts are shared by others. Over the past year I have lectured in London, Brussels and Berlin on the utility of combating terror finance. I found receptive audiences among government officials and some bankers, but near universal incredulity among academics and analysts.

Critics like Warde fail to appreciate the benefits of prosecuting or designating terror financiers, and overlook the fact that these are only two of the tools available to target terror financiers.

These critics also fail to distinguish between the cost of an individual attack and the significantly greater expense of maintaining terrorist support infrastructures. While terror attacks are themselves inexpensive and not infrequently funded by local cells through criminal activity (consider the Madrid bombings, for instance), measuring the cost of terrorism financing must include much more than the cost of a single attack.

Maintaining terror networks is expensive, and requires funds for such diverse activities as recruiting, renting safe houses, training, travelling, planning operations, bribing corrupt officials, and more. To eliminate or reduce a cell’s means of raising and transferring funds is to significantly degrade that cell’s capabilities.

Indeed, the deterrent, preventive and disruptive benefits of the financial war on terror are significant. For example, as difficult as it may be to deter a suicide bomber, terrorist designations can deter non-designated parties, who might otherwise be willing to finance terrorist activity.

Major donors inclined to finance extremist causes may think twice before putting their personal fortunes at risk. Even more minor financial facilitators and other terrorist support elements might well hesitate when faced with the prospect of sanctions and criminal prosecution.

Operationally, the financial trail created by moving money links people with numbered accounts or specific money changers. Following such trails can reveal conduits between terrorist organizations and individual cells.

For example, British authorities foiled the summer 2006 liquid explosive aviation plot thanks in large part to critical financial intelligence.

1. <http://astore.amazon.com/harvard-20/detail/0520253701>

2. http://www.boston.com/bostonglobe/Ideas/articles/2008/01/20/small_change

Even in a worst-case scenario in which a terrorist attack takes place, following the money trail often unravels and identifies the wider support network which, if left undetected, could help perpetuate more terrorist activities.

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In the wake of 9/11, financial transactions linked financiers Musatpha al-Hawsawi, Ramzi bin al-Shibh and Zacharias Moussawi together across three continents.

And while following the money will not stop all plots, it can disrupt terrorist activity and complicate the efforts of logistical and financial support networks. At a minimum, it makes it harder for terrorists to travel, procure materials, provide for their families, and radicalize others. Denying terrorists easy access to financial tools forces them to use more costly, less efficient, less secure, and less reliable means of financing.

This view is confirmed by the terrorists themselves. In 1995, captured World Trade Center bomber Ramzi Yousef was flown over the twin towers on his way to a New York jail. When an FBI agent pointed out that the towers were still standing, Yousef replied: "They wouldn't be if I had had enough money and explosives."

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Securing convictions for financing terrorism may be difficult, and financial designations may not drain the swamp of all available terrorist funds, but they effectively deter, pre-empt and disrupt the activities of terrorist support networks.

Perhaps most important, designations and prosecutions should not be mistaken for the sum total of the counter terror finance efforts when, in fact, they are only the most visible.

Case-by-case analysis should determine what mix of counter terrorism tools is best suited to deal with any given target, which is why some targets are neither designated nor prosecuted.

In the final analysis, combating terror finance—whether by following or freezing terrorists' assets—is an exceptionally powerful weapon in frustrating terrorist activity.

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