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Singapore's Zero-Tolerance Approach to Counter the Financing of Terrorism **28 May 2008**

By Dr. Rohan Gunaratna

Head of the International Centre for Political Violence and Terrorism Research at Singapore's S. Rajaratnam School of International Studies.

"I welcome the CFT consortium as an important initiative for the private, public and academic sectors to work together on countering the threat of terrorist financing."

*Sir James Sassoon
President of the Financial Action Task Force
12 February 2008*

Introduction:

Like New York, London, and Tokyo, Singapore is a global financial hub. With millions of transactions a day, it is complex and a multidimensional task to ensure that our banks and financial institutions are not misused by terrorist and criminal organizations. To respond to this challenge, Singapore launched a Consortium for Countering the Financing of Terrorism (CCFT) on February 12, 2008. The U.K. Chancellor Sir James Sassoon, the President of the Financial Action Task Force (FATF), the global body mandated to spearhead the fight commended Singapore for its initiative and resolve.

Traditionally, investigations of acts of crime and terrorism take place after they have been committed. With the increase in the lethality of terrorism, governments should prevent acts of violence through proactive investigations. Realizing the adverse impact an attack in Singapore will have on its global reputation as a safe destination for trade, commerce and investment, government invested significant resources strengthening its preventive capabilities.

Current Threat:

Contemporary terrorist networks consist of cells that engage in support and operational activity. Terrorist support activities are:

- Propaganda
- Recruitment
- Finance
- Procurement
- Transportation
- Safe houses
- Travel
- Communication
- Training
- Multiple identities

Terrorist operational activities are:

- Initial surveillance and reconnaissance
- Rehearsal
- Final surveillance and reconnaissance
- Attack

Terrorist support activities enable operational activity. By detecting and disrupting these 12 components in the pre-attack phase, terrorist attacks can be disrupted. With private sector owning or operating over 80% of the infrastructure, it is paramount for government to work with the private sector from terrorist misuse. The banking and financial sector is vulnerable to abuse as money is indispensable for terrorist planning and preparation. In the fight against terrorist finance, the banks are at the frontline.

Frontline in Countering Terrorist Finance:

As government is the custodian of threat information, the public and private partnership is essential to detect terrorist money. Without enlisting the cooperation and collaboration of the banks, government has no eyes and ears to detect the flow of funds through their financial institutions. Financial sector is the first line of defense. It is the bankers, the accountant, and the auditors who understand financial systems that can best detect and bring the suspicious transactions to the attention of the authorities.

To create a platform for public-private sector collaboration to fight terrorist finance, Singapore's International Centre for Political Violence and Terrorism Research (ICPVTR) pioneered a model. One of the world's largest specialist counter terrorism research and training centres, ICPVTR initiated a consortium where the financial institutions and law enforcement and financial intelligence units can collaborate. The partnership, supported by Singapore's Ministry of Home Affairs and its specialist agencies, originated after two senior bankers from Deutsche and UOB worked with ICPVTR threat specialists to develop indicators to detect terrorist finance. Administered by the Association of Banks of Singapore (ABS) and sponsored by the Monetary Authority of Singapore (MAS), the year long fellowships also produced a best practices manual for financial institutions. To prevent future terrorism, Gunawan Husin, the lead ABS fellow, advised the public and private sectors to orient themselves to detect terrorist money in the collection, storage, movement, and disbursal phases.

Singapore's robust approach to counter terrorist finance has been driven by detection and effective disruption of bank accounts by terrorist groups in the past. For instance, Singapore's Internal Security Department disrupted a few but important bank accounts maintained by terrorist groups including the LTTE, MILF and JI. Singapore's experience has been translated to best practice.

Of the two main strategies adopted to detect terrorist finance, we argued that banks must play the lead role in data centric investigations to identify suspicious transactions and support target centric investigations by government. The way forward was to build trust and create vetted groups within banks to help government. When detected, we also argued that banks must not shut down terrorist accounts but immediately inform the counter terrorism authorities enabling monitoring and tracking financial flows. Following the money to draw a financial footprint of the targets can lead investigators upstream to terrorist donors and downstream to the operational cells leading to the prevention of terrorist activity including attacks.

Evolving Threat Environment:

Singapore has spearheaded the development and sharing of best practices for countering terrorism including terrorist finance. With the support of New Scotland Yard's National Terrorist Financial Investigative Unit, ICPVTR has built its capacity in Singapore and overseas to train and support countries that need counter terrorist finance capacity. **World-Check specialists joined ICPVTR instructors in conducting and sponsoring ICPVTR counter terrorist finance training in a number of countries in Southeast Asia.**

In addition to joint training, ICPVTR also worked with a range of partners from Australian Transaction Reports and Analysis Centre (AUSTRAC) to the National Defense College in the Philippines to develop a network of knowledge, capabilities and contacts to foster stronger relationships between the public and private sectors. It has also raised community awareness on the constantly changing sources and methods of terrorist finance. To create an environment hostile to terrorism, the next phase is to attract participation from key relevant stakeholders to build further capability.

Rohan Gunaratna is Head, International Centre for Political Violence and Terrorism Research at Singapore's S. Rajaratnam School of International Studies.

About Industry Voices

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