

FINANCING OF TERRORISM

What Is The Financing Of Terrorism?

In general terms, the financing of terrorism (“FT”) is the financial support, in any form, of terrorism or those who encourage, plan or engage in terrorism. FT differs from money laundering in that the source of funds can either be legitimate, such as an individual’s salary, crowdfunding or charity donations, or illegitimate, often the proceeds of crimes such fraud, drug trafficking or kidnap for ransom.

Usually, the focus of scrutiny for potential FT activity will be the end beneficiary and intended use of the money or assets. A terrorist financier may only need to disguise the origin of the property if it was generated from criminal activity but in the vast majority of cases they will seek to disguise the intended use i.e. the act of terrorism. This can make terrorist property sometimes difficult to identify.



Isle of Man Specific Risks

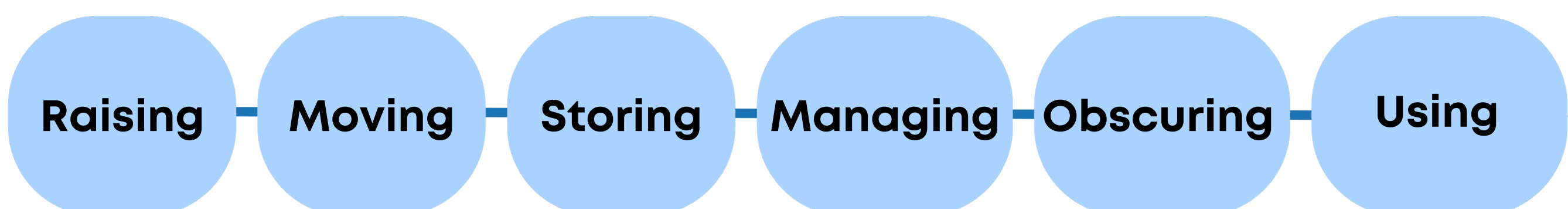
The Isle of Man 2020 National Risk Assessment identifies the main FT risks to the Isle of Man as arising from ‘the use of sophisticated and complex international structures to disguise the origin and destination of funds intended to support terrorist activities’.

These structures include non-domestic charities and non-profit organisation (NPOs). The two major areas of vulnerability are where:

- legitimate charities are used to funnel funds into terrorist organisations and do so unwittingly; or
- where illegitimate groups set themselves up as charitable organisations and deliberately use the funds they have received from donations to finance terrorist activities.

How Is The Financing Of Terrorism Carried Out?

The below model illustrates the stages which may form part of the FT process. It should be noted that not all of these steps are required as part of the process. For example, raising funds will suffice for FT to have occurred.



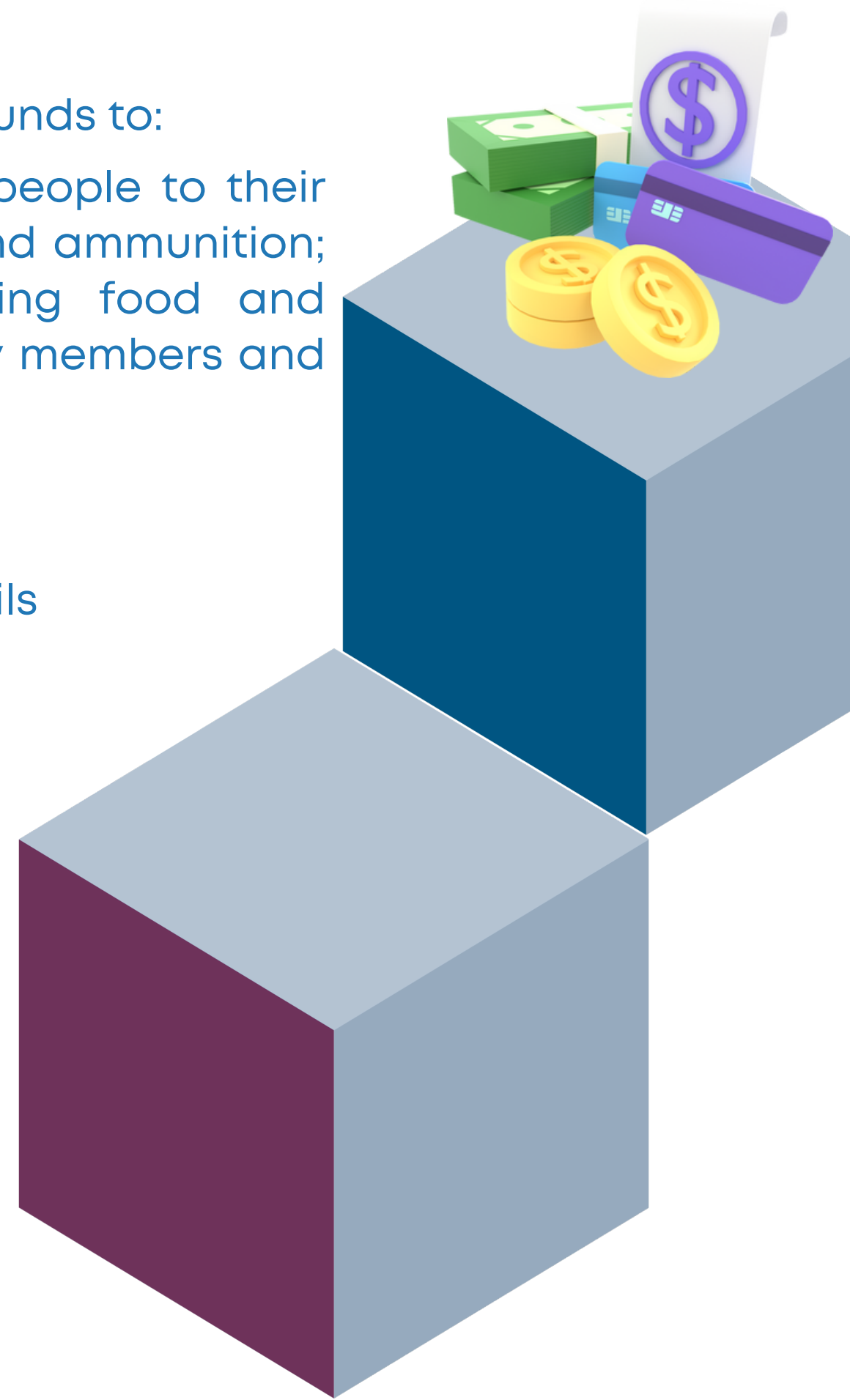
Terrorist organisations, and lone actors, usually need to raise funds to:

- carry out terrorist acts; spread their ideology and recruit people to their cause;
- pay for travel and transport; purchase weaponry and ammunition;
- and support involved persons, for example by providing food and accommodation to foreign terrorist fighters and their family members and
- by funding terrorist cells.

These funds can be raised in various ways. The list below details some methods used by terrorist organisations:

- membership fees;
- group paraphernalia e.g. flags and clothing;
- concerts/ticketed events; and
- donations.

Whilst the above may suggest the cost associated with terrorism is high, the cost an attack capable of a devastating affect on people's lives can be nominal. For example, the 2017 Manchester Arena attack cost less than £100 using ingredients purchased online. In the same year the London Bridge attacker used knives costing just £4.



Summary Of The Legislation

In the Isle of Man, FT is a criminal offence, as required by the Financial Action Task Force (FATF)'s Recommendation 5. Specific provisions relating to these offences are noted under the [Anti-Terrorism and Crime Act 2003](#)

What Should I Do If I Suspect The Financing Of Terrorism?

- If you form your suspicion as part of work within the regulated sector, make a report to your Money Laundering Reporting Officer (MLRO) or Deputy Money Laundering Reporting Officer (DMLRO).
- If you are an individual and wish to make a disclosure to the FIU please contact 686000.



Further Information

- [IoM AML/CFT Overview page](#)
- [IoM Financial Crime Strategy 2024 - 2026](#)
- [IoM NRA of ML and FT 2020](#)
- [IoM Financial Sanctions Relating To Terrorism Guidance](#)

