

# COMBATING TERRORIST FINANCING

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Today, Saudi Arabia is one of the leading nations in combating terrorism and terrorist financing, and has been working closely with its allies on all fronts.

Terror networks thrive on illicit funding, often hiding behind charitable organizations. To combat this threat, Saudi Arabia has put in place one of the world's strictest financial control systems to prevent funds from falling into the hands of terrorist organizations.

## THE KINGDOM MAINTAINS STRICT FINANCIAL CONTROL SYSTEMS

***Saudi Arabia has implemented robust policies across its banking and financial sectors that aim to stem the flow of any money into the pockets of terrorists and extremist organizations.***

- The Saudi Arabian Monetary Agency (SAMA) requires all financial institutions within the Kingdom's jurisdiction to implement all of the recommendations for combating money laundering and the financing of terrorism issued by the Financial Action Task Force (FATF). Saudi Arabia earned observer status in the FATF in 2015. According to FATF, Saudi Arabia has "demonstrated both an ability and willingness to pursue terrorist financing," resulting in over 1,700 investigations and convictions since 2013.
- Saudi Arabia established money-laundering units in SAMA and all local banks to ensure the banking system is not exploited by money-laundering operations and to report any dubious transactions to competent authorities.
- Saudi Arabia established a money intelligence department to monitor and investigate any suspicious financial transactions. Investigations are typically done in coordination with the SAMA and the Saudi banks.
  - As of June 2016, this has led to prosecutions of more than 240 suspects for terrorism-financing activities and convictions of more than 225 individuals. Authorities have frozen and investigated more than 115 suspicious bank accounts and closed all unlicensed charity collection locations.

- Saudi authorities have closed down all unlicensed money-exchange or money-transfer centers.
- Saudi Arabia has established a financial intelligence unit (FIU), which is a member of the Egmont Group.
- The Saudi Council of Ministers passed the Penal Law concerning Crimes of Terrorism and Its Financing, signed into law in February 2014. This legislation added 41 new laws to the country's existing counterterrorism framework.
- According to the U.S. Department of State's International Narcotics report, published in December 2016, Saudi Arabia has enacted legislation in all of the following areas critical to cutting off funds for terrorist organizations: the criminalization of drug-money laundering; the criminalization of money laundering beyond drugs; 'Know Your Customer' provisions; the reporting of large banking transactions; the maintenance of banking records over time; disclosure protection; the official criminalization of terrorist financing; the reporting of suspected terrorist financing; cross-border transportation of currency; the establishment of financial intelligence units; an international law enforcement cooperation system for identification; the ability to freeze terrorist activity without delay; as a state party to the 1998 UN Drug Convention; as a state party to United Nations Office on Drugs and Crime.

## **PROTECTING AGAINST EXPLOITATION OF CHARITIES**

***Saudi Arabia is aware that terrorists often attempt to hide behind the guise of charitable organizations for funding, and has implemented strong controls to ensure that no charity can exploit the sympathies of Saudi citizens to fund terrorist acts.***

- Saudi charities are prohibited from transferring money abroad.
- Saudi charities cannot operate abroad except through the King Salman Humanitarian Aid and Relief Centre (KSRelief) or the Saudi Red Crescent, which is a semi-government entity.
- The collection of cash contributions in mosques and public places is prohibited. The Kingdom has instituted a thorough vetting of religious clerics to ensure that charitable giving is not misdirected.
- Saudi Arabia monitors all appeals for charitable funds via television, the internet and social media, and provides a hotline for private citizens to contact authorities to report suspected activity related to terrorism or terror finance.

- Saudi Arabia reformed its banking laws to require that charitable organizations have single-disbursement bank accounts, as well as an approved official with signatory authority, in order to maintain tighter controls over these accounts.

## **A LEGACY OF STRONG INTERNATIONAL COOPERATION ON COUNTERING TERROR FINANCING**

***The globalization of financial and banking networks necessitates effective coordination between governments to ensure that funds are not falling into the wrong hands. Saudi Arabia has always worked in close coordination with its allies on the international stage to stem the global flow of funds to terrorist organizations.***

- In May 2017, Saudi Arabia and the United States partnered for the establishment of the Terrorist Financing Targeting Center (TFTC), strengthening cooperation on countering terror financing. The TFTC's goals are to identify, track and share information on terrorist financial networks; coordinate joint disruptive actions; and to offer capacity-building support to countries in the region that need assistance in countering terrorist threats.
- Saudi Arabia has placed sanctions on entities that assist in terror financing, including joint designations with the U.S. against the Al-Haramain Foundation, Al-Furqan, and others.
- Saudi Arabia is a co-chair of the Counter ISIL Finance Group (CIFG), along with the U.S. and Italy. The CIFG was established in 2015 to disrupt ISIL's sources of revenue and its ability to move and use funds to wage its campaign of terror.
- Saudi Arabia ratified the International Convention for the Suppression of the Financing of Terrorism, and has supported the requirements of a number of UN Resolutions related to combating terrorist financing.
- Leaders in the U.S. have emphasized the critical role that Saudi Arabia plays in countering terror financing in the region. In November 2005, Daniel L. Glaser, then Deputy Assistant Secretary of the Treasury for Terror Financing and Financial crimes noted, "Saudi Arabia is by all measures one of the countries most central to our global counterterrorism efforts. I would characterize the quality of this relationship as one of active partnership aimed at achieving progress on several issues. The success of global anti-money laundering and counterterrorist financing (AML/CFT) efforts relies, in good measure, on ensuring that this partnership is real, focused and lasting."



- Similarly, David S. Cohen, former Undersecretary for Terrorism and Financial Intelligence, praised Saudi Arabia's contributions to rooting out Al-Qaeda funding in the Gulf. He asserted, "Al-Qaeda's financial strain is also the result of critical bilateral cooperation. Our partner Saudi Arabia has made great progress in stamping out al-Qaeda funding sources within its borders."