

FINANCIAL MONITORING UNIT

Red Flag Indicators of Terrorism Financing

Accounts:

- (1) An account in which several individuals hold signature authority and the individuals do not apparently have any family/business relationship.
- (2) An account opened by a person/entity that has the same addresses or contact numbers as of other persons/entities without any apparent economic or plausible reason.
- (3) A person/entity maintaining an account apparently associated with a terrorist organization or having similar ideology as of a terrorist organization.
- (4) Accounts of persons/entities that belong to or are associated with persons/entities of high-risk jurisdictions or to countries of specific concern.
- (5) Any type of irregularity noticed during the identification and verification process while opening the account which could not be adequately justified by the individual/entity or by the available circumstances.

Transactions:

- (1) A dormant account suddenly receives a huge deposit or series of deposits followed by cash withdrawals made on regular basis till the funds in the account are reduced to a nominal balance.
- (2) Persons/Entities conducting cash transactions having similar addresses or contact numbers without any apparent economic or plausible reason and do not correspond with their occupations/businesses.
- (3) Multiple cash deposits of small amounts in different accounts maintained by the same person/entity in branches of a bank in a single day.
- (4) Cash withdrawals of small amounts made on a regular basis from the account of a person/entity from different geographical locations, which does not commensurate with the stated profile of such person/entity.
- (5) Any type of irregularity noticed during the identification and verification process while conducting the transaction which could not be adequately justified by the individual/entity or by the available circumstances.
- (6) The individual conducts a transaction via using a credit instrument or any other negotiable/non-negotiable instrument with a high-risk jurisdiction or a country of specific concern.
- (7) Person/Entity conducting multiple cash transactions on regular basis which do not match with his nature of business and without any plausible reason or justification.
- (8) Cash withdrawals or transactions (including financial and non-financial transactions) using the ATMs/IPs located in the areas of conflicts &/or high-risk jurisdictions.

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- (9) The person/entity conducts transactions for the sale/purchase of virtual currency directly or through a virtual currency intermediary that allows for increased anonymity.
- (10) Person/Entity suddenly receives funds from foreign jurisdictions in different accounts maintained in a bank.
- (11) Upon inquiry for justification of inconsistent transactions conducted in the account, apparently vague explanations are provided and no supportive documentary evidence is presented to the bank.

Wire Transfers:

- (1) Large number of wire transfers made by a person in small amounts in an apparent effort to avoid identification requirement.
- (2) An incoming wire transfer where the originator information is either not available or a very limited information is available of the originator.
- (3) Wire transfers by an individual or entity to/from the high-risk jurisdictions or to countries of specific concern including but not limited to countries designated by national authorities, countries included in FATF's list of high-risk jurisdictions.
- (4) Person sending/receiving wire transfers frequently have variations of addresses or contact numbers while conducting transactions most of the times.
- (5) Transactions conducted with shell companies &/or through shell banks located in tax havens or offshore jurisdictions.
- (6) Person/Entity receiving or sending funds through wire transfers to the parties which are not related to its line of business.
- (7) A wire transfer received from a foreign jurisdiction in which the name of the originator apparently seems similar to the name an entity/person designated under UNSCRs 1267, 1373, 1718, 2231 & other relevant UNSCRs and/or entity/person proscribed under the domestic laws like 1st, 2nd & 4th schedules of ATA, 1997 or as declared by any other domestic authority.

Non-Profit Organizations (NPOs):

- (1) Transactions conducted in the accounts of non-profit or charitable organizations for which there is no apparent economic or plausible reason and the transactions apparently do not match with the regular business activities of the organization.
- (2) Use of the accounts of a non-profit organization or charity to collect funds for immediate transfer to a small number of foreign/domestic beneficiaries.
- (3) Movement of funds to/from the areas of frequent military and terrorism activities by non-profit organizations.
- (4) Wire transfers conducted in the account of a non-profit organization to/from the high-risk jurisdictions or to countries of specific concern.
- (5) A non-profit organization is involved in charity related activities in the areas of conflict or high-risk jurisdictions.

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(6) High volume of cash-based activity noticed in the account of a non-profit organization without any economic or plausible reason.

Proscribed Individuals/Entities, Targeted Financial Sanctions, etc:

(1) Person/Entity involved in a transaction (financial as well as non-financial) associated with terrorists or terrorist groups proscribed under UNSCRs 1267, 1373, 1718, 2231 & other relevant UNSCRs and/or entity/person proscribed under the domestic laws like 1st, 2nd & 4th schedules of ATA, 1997 or as declared by any other domestic authority. Further, the parties associated or suspected of having links with such Persons/Entities may also be considered.

(2) Transactions conducted or accounts maintained by the persons/entities proscribed by the authorities of foreign jurisdictions and international organizations including persons/entities associated with them.

(3) Media reports that the person/entity is linked, directly or indirectly, to a known terrorist organization or is engaged in terrorist activities.

(4) Person identified through media, law enforcement or any other source as having travelled or attempted to travel to a high-risk jurisdiction or area of conflict.

(5) Person/Entity's social media profiles support violent extremism or radicalization.

(6) The thoughts of a person apparently demonstrate violence that could be of concern to national security/public safety.

(7) A person/entity indicated as a threat to national security by law enforcement agency or under investigation of the agency.

(8) Person/Entity conducting transactions with a party dealing in chemicals not normally associated with its line of business.

*Kindly note that any attempts of opening accounts or conducting the transactions or any other activity as identified in the red flag indicators may also be considered. The indicators not necessarily reflect the financing of terrorism. These red flag indicators should not be considered as exhaustive and these are some of the indicators which might aid in highlighting the transactions related to terrorism financing. Further, much attention shall be given to such instances where a mix of abovementioned instances occur concurrently.