



Financial Monitoring Unit (FMU)
Government of Pakistan

**Typologies and Red Flags for Financing and
Facilitation of Foreign Terrorist Fighters and
Returnees in Southeast Asia**



The UNSC Resolution 2178 (2014) defines Foreign Terrorist Fighters ('FTF') as:

"individuals who travel to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training, including in connection with armed conflict"

Resolution 2178 also called on Member States to criminalize the financing of FTF travel—a provision later mirrored in the Financial Action Task Force's (FATF) Recommendation 6. In order to give effect to the requirements of resolution 2178 and FATF's Recommendation 6, Pakistan introduced Section 11J(3) in the Anti-Terrorism Act, 1997 to criminalize financing of FTF travel.

In January 2021, APG in collaboration with Global Centre of Cooperative Security published a typology report on "**Financing and Facilitation of Foreign Terrorist Fighters and Returnees in Southeast Asia**". This report examines:

- what is known and unknown regarding the financial profiles of FTFs connected to Southeast Asia and to explore the collection and utilization of financial intelligence related to FTFs in the region.
- investigate the collection and usage of financial intelligence related to FTFs to support financial intelligence units (FIUs), police, prosecutors, and the private sector and to enhance their efforts to detect and respond to FTFs and returnees; and
- advance the knowledge base on FTF populations in Southeast Asia to support financial analysts and countering the financing of terrorism (CFT) practitioners in situating prevention, detection, and disruption efforts within a wider counterterrorism landscape.

Summary of the key points and recommended actions for different authorities identified from the published report are given below:

I. GENERAL KEY POINTS

- As per an interview by U.S. military officials (Lieutenant General Michael Nagata) more than 40,000 individuals traveled to Syria, Iraq and Libya from at least 120 countries.
- An estimated [1,000–1,500 Southeast Asian nationals or residents are believed to have traveled to Iraq and Syria](#) to join the Islamic State of Iraq and the Levant (ISIL), al-Nusra, and other armed groups.
- In 2019 ISIL self-declared its caliphate in four new provinces i.e. Central Africa, Turkey, India, and Pakistan.
- ISIL established the Katibah Nusantara ('KN'), a military unit within ISIL for Malay-speaking individuals to reduce the language barriers faced by South Asians joining ISIL but are not fluent in Arabic or English. This unit was led by Indonesian. KN was to be the fighting force to reach Indonesia, Malaysia and the Philippines
- All the participating members of this exercise reported nationals traveling to Syria to join ISIL.
- Nearly half the Indonesians who went to Iraq and Syria (i.e. [around 350](#)) [were women and children](#), and while some intended to join ISIL
- Although numerous women have joined ISIL, global data suggests [that FTFs are predominately male](#).



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- Roughly 42% of male FTFs from Southeast Asia were single on arrival. The primary interviews suggested this number is slightly lower for women globally, of whom 37% were single or divorced on arrival and only 3% remained single at the time of their defection or departure from ISIL-controlled territory.
- More than 50% of the recruits were reported a high school education and one third had post-high school education.
- FTFs are typically [young with average age of 26-27](#).
- In the ISIL files, 22% of Southeast Asian recruits listed [no former occupation or described themselves as unemployed](#). Whereas overall majority (i.e. 20%) were considered [unskilled labor](#).
- Participating members reported that FTFs move and use funds through [licensed remittance companies, bank accounts and wire transfers, unlicensed remittance companies, domestic and foreign cash withdrawals, and third-party or mule accounts](#). Notably, a few respondents indicated the [use of virtual currencies in relation to FTFs and their facilitation](#)
- The majority of FTFs traveled (directly or indirectly) to Turkey and crossed via land into ISIL-controlled territory i.e. into four Syrian towns: Tel Abyad (35 crossings), Jarablus (32), Azaz (21), and Atimah (3).
- [Social media was used](#) by FTFs as a platform to share information, coordinate, and facilitate travel.
- Southeast Asia will become a relocation point for FTFs escaping ISIL's lost territory due to the comparative ease of travel between Turkey (a common exit point) and Southeast Asia. For example, Malaysia does not require visas for travelers from Syria, Iraq, or Turkey; the Philippines does not require visas for travelers from Turkey; and Indonesia grants visas on arrival.

II. COVID-19 PANDEMIC LANDSCAPE

- In light of the COVID-19 pandemic, a more pressing threat may be the so-called [virtual planners](#) tasked with recruiting members and coordinating and executing attacks via online communications with the ISIL core.
- This model has helped transform [lone attackers](#). Further, the virtual planner model allows ISIL to maximize the impact and propaganda value of attacks waged in its name, making sure they are seamlessly incorporated into the group's overarching strategy.

III. METHODS OF FOREIGN FIGHTER FINANCING AND FINANCIAL PROFILES

Members of the participating countries identified the following patterns (before travel, during travel, when in conflict Zone and upon returning to home country):

- **PRE-TRAVEL:** Securing travel documents and purchasing airline tickets with or without a travel agent; applying for numerous loans and credit cards; early surrender of insurance policies; opening a new bank account with an international presence; and closing accounts via a large cash withdrawal. This phase requires time as during this time the suspected FTF would need time to get their personal affairs in order, plan their travel (including the means of transportation, timing, and routes), and raise money to buy travel-related items, including tickets. The red flags during this time may include:
 - The person indicates a planned date to cease account activity



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- Person or account activity indicates the sale of personal possessions
 - Purchase of an airline ticket to a country in the vicinity of a conflict zone (e.g., Syria or Iraq)
 - Use of funds for other travel-related items
 - Donations to nonprofit organizations linked to terrorist financing activity
 - Use of funds from social assistance, student loans, or other credit products (“debt financing”)
 - The exploitation of available credit products, including maxing out credit cards, not making payments, and
 - transferring the balance to a personal debit account
- **IN-TRANSIT:** Withdrawing funds from an ATM or using stored-value cards in conflict zones or border areas; using a debit or credit card along a known travel corridor to a conflict zone; and making cash withdrawals from a newly opened bank account with an international presence. FTFs usually would take multiple means to reach to its destination. Individuals may follow a circuitous or seemingly irrational route to obfuscate their ultimate destination. The red flags during this time may include:
- The person (client) notifies a reporting entity of travel to a third country via a country contiguous to a conflict zone, but subsequent financial activity indicates the journey was not completed
 - Financial activity, such as debit or credit card usage, along a known travel corridor to a conflict zone
 - Receipt of wires inside or along the border of a conflict zone
- **IN CONFLICT ZONE:** Since a number of contemporary conflict zones lack financial services due to the conflict and, frequently, international sanctions, the financial aspects of this stage are often opaquer than those in other stages. However, extremist travelers in theater may still have some access to either personal resources or those of friends, family, or supporters outside the conflict zone. Sending or receiving funds by international transfer to/from conflict zones; accessing internet banking from IP addresses in or near conflict zones; credit or debit card payments in or near conflict zones; and ATM cash withdrawals in or near conflict zones. The red flag for this period may include:
- The person receives money transfers from family or friends in or in the vicinity of a conflict zone
 - Publicly available information and media coverage indicate that the individual has traveled to a conflict zone or
 - Client accounts go dormant
 - using a debit or credit card along a known travel corridor to/from a conflict zone.
- **RETURNING:** This stage is critical in terms of public safety since returning extremist travelers may bring their combat experience and connections to terrorist groups back home. There is also a risk that returnees could go on to act as facilitators or supporters of terrorist activity or even as participants in future attacks. The red flag for this period may include:
- Purchasing an airline ticket from a conflict zone or bordering areas;
 - resuming active bank account usage after a period of stoppage;
 - Person begins receiving new sources of income (e.g., employment, social assistance)
 - Person sends or receives atypical domestic or international transfers



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- As per the report, [social circles and personal resources \(self-funded\)](#) remain the central source of [funding for FTFs](#), supplemented by social media appeals, criminal activity, crowdsourcing platforms, and limited instances of abuse of nonprofit organizations.
- [In Europe](#), Up to 40% of terrorist plots are reportedly at least partially [financed through petty crime](#), especially drug dealing, theft, robbery, burglary, loan fraud, and the sale of counterfeit goods.
- Members also reported use of [crowdfunding services](#) like GoFundme.com, Youcaring.com, and Kickstarter.com for financing the FTFs.
- Limited numbers of cases were observed where quick [personal loans, insurance policies and pension funds](#) were utilized to finance FTFs.
- [Canada in its 2018 terrorist financing risk assessment](#) noted that donors and facilitators may choose to operate from a country near the conflict zones, especially those who have access to the international financial system and can afford a degree of anonymity.
- Members noted [increased use of social media](#) to recruit individuals to terrorist groups and to arrange and coordinate the travel of individuals attempting to join ISIL

Recommended Action for Reporting Entities

- Make necessary changes to their transaction monitoring systems (TMS) to address the concern of FTFs
- Monitor remittances from / to areas of concerns, including conflict jurisdictions and their vulnerable neighboring countries.
- Look for red flags like:
 - applying for numerous loans and credit cards;
 - early surrender of insurance policies;
 - Customer requests for opening a new bank account for transactions from / to abroad;
 - withdrawing funds from an ATM or using stored-value cards in conflict zones;
 - using a debit or credit card along a known travel corridor to a conflict zone;
 - Sending or receiving funds by international transfer to/from conflict zones or to high risk country for terrorism where the customer does not have a personal or business relationship;
 - resuming active bank account usage after a period of unexplained dormancy;
 - making cash withdrawals from a newly opened bank account with an international presence;
 - closing accounts via large cash withdrawal;
 - atypical purchases of camping equipment, plane tickets to high-risk areas, etc.;
 - transactions to companies that do not appear to be in the same line of business and where there is no prior relationship;
 - atypical purchases of gold and jewelry (can serve as a way of carrying assets into a conflict zone undetected);
 - rapid movement of cross-border funds without reasonable cause;
 - receipt of multiple small deposits from unknown and unrelated individuals;
 - adverse news or information provided by other authorities indicating past, current, or intended travel to join a terrorist group or ongoing support for a terrorist organization (if any).