

FATF President Speech, Joint special meeting of the Counter-Terrorism Committee and the 1267/1989/2253 ISIL (Da'esh) and Al-Qaida Sanctions Committee, 18 November 2021

Mr. Chairman, distinguished Ambassadors, representatives, and colleagues. It is a pleasure to be here with you in person today.

Part of the Financial Action Task Force's work is to set global standards to prevent terrorist financing. The FATF's role is to complement and reinforce the UN's counter-terrorism framework: The FATF standards set out detailed measures that all countries should implement in order to give practical effect to the relevant UN Conventions and Security Council Resolutions. And the FATF's mutual evaluation programme reviews whether countries are applying these rules adequately.

But at the FATF we see that many countries still don't understand the risks to look out for to stop funding for terrorism.

This is despite the adoption of UNSCR 2462, which consolidated obligations on terrorist financing for the first time in a UN instrument. I would like to thank France for sponsoring this resolution.

So I want to talk to you today about how we can all do better - by recognising and understanding the many regional differences and focusing on action that can make a real difference.

Firstly, instability continues to provide the foundations for terrorist and terrorist financing activity.

In parts of Syria and Iraq, ISIL and its affiliates have experienced territorial defeat. However, these groups have strengthened in different parts of the world, and have reinforced the financial ties between them.

And Al-Qaeda and its affiliates, like ISIL, continue to rely on traditional methods to generate revenue. This includes drug trafficking, extortion, kidnapping and the illegal taxation of smuggled goods.

The risks are obviously varied and complicated.

Terrorists groups can hide funds in multiple countries, taking advantage of the instability caused by conflict, corruption or weaknesses in AML/CFT regimes. Yet the groups in these regions may make appeal for funds through social media channels, or inspire terrorist activity in far reaching parts of the globe .

So national authorities first need to understand the specific risks they face, in order to put in place effective mitigation strategies.

The problem at the moment is that many countries don't yet truly understand their terrorist financing risks.

Almost a hundred jurisdictions have now conducted national risk assessments covering terrorism financing This is progress – but that leaves a huge blind spot for around half the countries of the world.

And while more assessments would be an improvement, the real test is the extent that they generate a real understanding of the risks, and are acted upon.

These are important basic issues which need to be resolved because without a proper understanding of the risks, we cannot take effective action to respond, and weaknesses in one country or one region leaves us all vulnerable.

The role of the Global Network of FATF-Style Regional Bodies, or FSRBs, is crucial in this regard. FSRBs evaluate 80% of the world's jurisdictions – around 160 countries - including some of the highest risk.

We need these bodies to lead in understanding the methods used by terrorists to raise, move and deploy funds, the state of measures to prevent these risks, and the action needed that will make a difference on the ground.

However, the counter-terrorist financing regimes of many countries are in the early stages of development. They are also affected by factors such as porous borders, weak institutions and a lack of political engagement which can all affect the extent to which they are effective.

In reality, we have to accept there will continue to be major issues.

The only way for effective counter-terrorist financing systems to develop is with global support,

FSRBs, in particular, need greater political and financial support because – without it – terrorist attacks which might have been prevented, will sadly succeed. And the international nature of terrorism – and terrorist funding – means that we are all at risk.

I call upon the UN to support our efforts to strengthen FSRBs – to have the capacity to help prevent terrorist financing.

We also need to continue to strengthen our engagement with the non-profit sector. Some NPOs are vulnerable to being used to transfer terrorist funds. We have many good examples of effective systems to prevent this. However, globally, few countries are assessing the risks of their NPO sectors. Even fewer countries are conducting risk-based outreach and monitoring.

The severe humanitarian situation currently affecting Afghanistan underlines the urgency of this work. The FATF has noted with concern the situation there and is monitoring the evolving risk environment.

Finally, I would like to talk about engagement with the private sector. All countries need to reinvigorate cooperation with businesses and other organisations, especially those facing small-scale terrorist financing activity. So-called lone wolf attacks are especially difficult to detect, and only with close collaboration and information sharing can these sorts of risks be mitigated. We also need to see improvements in implementation by the private sector so that risky transactions are not missed, with a focus on the effective implementation of the risk based approach and avoiding of a tick-box culture that we are seeing all too often,

All these changes are necessary. Looking to the future, we must find and pinpoint where countries specifically need to improve, and what will truly make a difference on the ground.

And underpinning all of this, is the need for us all to work more closely together. Only through countries sharing information and expertise, will we truly make a difference.

Thank you.