

FATF President Juan Manuel Vega-Serrano's remarks at Joint special meeting of UN Security Council Committees and the FATF, 12 December 2016

Joint special meeting of the United Nations Counter-Terrorism Committee and the ISIL (Da'esh) and Al-Qaida Sanctions Committee with Member States, the Financial Action Task Force (FATF) and other relevant international and regional organizations on “Depriving Terrorist Groups from Accessing, Raising, and Moving Funds: Practices and Lessons Learned”

United Nations Headquarters, New York, 12 December 2016

Good Morning.

This joint special meeting is a valuable way for us to share ideas and information, and a signal about how important cooperation with the UN is to the FATF.

Today I want to highlight the importance of combating terrorist financing as part of a complete counter-terrorism strategy; to tell you how the FATF is working to strengthen and widen the global measures against terrorist financing, and to set out some thoughts about what more we need to do together.

-- Countering Terrorist Financing --

Financing is important for all terrorists - from large terrorist groups which control territory - such as ISIL - to the small terrorist cells involved in many recent attacks. But they have different financing needs and different ways of meeting them.

For small terrorist cells, the direct costs of mounting an attack are often relatively small. They do not need much money or use sophisticated financing models, so they can be extremely difficult to identify. But even in cases where detection is challenging, financial investigation is an essential tool which can identify associates and facilitators, and reveal the structure of terrorist groups, the activities of individual terrorists, and their logistics and facilitation networks.

ISIL is a different type of challenge: within the parts of Iraq and Syria which it controls, ISIL raises and spends money like a state. Therefore ISIL maintains a permanent structure. ISIL needs access to the financial system to move money and pay for supplies.

Disrupting the finances of ISIL damages its ability to recruit fighters, particularly the local fighters who fight for pay. And putting terrorist organisations under financial stress can damage the level of trust and cohesion within their organisation and leadership. So preventing and disrupting financial flows should also be an essential part of the strategy to defeat ISIL.

-- FATF's partnership with the UN --

Measures to combat terrorist financing need to be implemented in all jurisdictions around the world: We should not allow any safe havens for terrorists and those who finance them. So the leadership of the United Nations is essential, to establish a system of universal and binding obligations on all countries to cut-off terrorist financing.

The FATF works in close partnership with the United Nations - using our status as a task force to bring together technical and operational expertise at a global level, to find the most effective ways to implement the obligations set out by the UN, and to reinforce those obligations, through a rigorous system of peer-reviews.

The FATF has put in place a global framework of standards to combat the financing of terrorism, based on UN Security Council Resolutions. Today, almost all jurisdictions have committed to implement the FATF standards and are being assessed by their peers.

We publicly name those that fail to take action. So far FATF has put 87 jurisdictions through this process, and publicly identified 58 of them. Of these, 49 have since made the necessary reforms. This has been a major achievement for the FATF.

-- The FATF's TF Strategy --

The threat from terrorism and its financing is always changing, and our response must also be flexible.

At the end of last year, the Security Council adopted a new resolution - 2253 - which set out once again the importance of measures to combat terrorist financing. Resolution 2253 also gave the FATF strong, visible support from the UN Security Council, which helps us to put pressure on members to fully implement the FATF's standards to combat terrorist financing.

And in February this year, the FATF set out a consolidated terrorist financing strategy. Its aim is: *"to cut-off the financing of terrorism, particularly for serious terrorist threats such as ISIL and Al-Qaeda, to reinforce safeguards that will deny terrorists access to the financial system and prevent them from exploiting vulnerable countries as safe havens, and to ensure that financial intelligence is effectively used"*.

The strategy also sets out the most important steps we will take:

- We will improve our understanding of the threat of terrorist financing, in particular the financing of ISIL;
- We will ensure countries have up-to-date tools to identify and disrupt terrorist financing activity, and use them effectively, in particular UN Targeted Financial Sanctions;
- We will facilitate better and deeper international cooperation and information sharing between authorities and the private sector to counter the financing of terrorism; and
- We will identify and shut-off any potential safe havens for terrorist financing.

We have made rapid progress in implementing the Strategy:

- This year we completed a long work programme on non-profit organisations, including a study of the Risk of terrorist abuse of NPOs; Best Practices on Combating the Abuse of NPOs; and the revision of FATF Recommendation 8 which sets out countries' obligations to oversee the NPO sector.
- Over 2015 and 2016 we reviewed the implementation of counter-terrorist financing measures in two hundred jurisdictions, to identify where there were problems with the implementation of the UN requirements. Almost all have criminalised terrorist financing and can apply targeted financial sanctions. Over half of those where we found serious problems have prepared or adopted urgent laws to address them.
- We have revised FATF Recommendation 5 on the criminalisation of terrorist financing to ensure it applies to the travel of foreign terrorist fighters, and that it includes economic resources and natural resources such as oil, to reflect the financing mechanisms used by ISIL. We have also published detailed guidance on the criminalisation of terrorist financing, to assist countries to fully apply the requirements of the FATF and the UN Terrorist Financing Convention in the context of different legal traditions.
- We have produced detailed research on the methods and trends of terrorist financing - including regular updates on ISIL Financing; a detailed study on risk indicators of terrorist financing to help identify it more effectively, and studies of the financing of terrorist groups in West and Central Africa. These studies are essential to help countries improve and target their own efforts, and also to ensure the FATF's policy recommendations remain up-to-date and relevant to the ever-changing threats.

-- Next Steps --

In the context of terrorist financing, it is never acceptable for us to be comfortable with our achievements - particularly not now, when the threat of terrorism remains exceptional.

There is more to do at global level. Combating terrorist financing remains the FATF's top priority, and work is underway at the moment on measures to improve information-sharing between domestic authorities; and on the financing of terrorist recruitment.

We have to recognise that in many countries there are serious weaknesses in the implementation of counter-terrorist financing measures. Even though most countries have the necessary laws and regulations, less than one in five jurisdictions has ever secured a single criminal conviction for terrorist financing.

These are essential tools against the financing of terrorism, and we need to deal with these weaknesses and ensure countries not only have the right tools, but can use them effectively.

To help us properly address these challenges we need to change our approach. Most countries now have the essential legal tools in place. To deal with the practical issues we face now, we need to give a stronger voice to operational agencies within the FATF.

One step in this direction is the FATF FIU forum, to enable heads of FATF Financial Intelligence Units to strengthen their contribution to the work of the FATF. This forum began work in October, and is already identifying how we can be more effective - for example to leverage the financial information they hold against other sources of non-financial information, in order to better identify terrorist financing activity.

Today we face an unprecedented terrorist threat. But I will end in a positive way: we also have an unprecedented level of commitment by countries to cut off the financing of terrorism. We have the opportunity to apply stronger and sharper measures against terrorist financing, and to make more effective use of them. I hope the discussions over the next two days will identify how we can do so.

Thank you.