

## FATF action on the terrorist group ISIL

Paris, 24 October 2014 - The FATF is deeply concerned with the financing generated by and provided to the terrorist group the Islamic State of Iraq and the Levant (ISIL), and highlights the importance of robust implementation of the FATF standards to disrupt and prevent ISIL financing.

In order to combat the threat posed by ISIL, the FATF reiterates the need for all countries to fully implement the FATF standards to combat terrorist financing and calls on all countries to take steps to prevent ISIL from accessing their financial systems.

## United Nations Security Council Resolutions relevant to ISIL

The FATF notes that ISIL is subject to sanctions under United Nations Security Council Resolution 1267 (1999) and 2161 (2014). United Nations Security Council Resolution 2170 (2014)<sup>1</sup> identified ISIL-related funding streams, including revenues generated from control of oil fields and related infrastructure, kidnapping for ransom, trade with UN-designated entities, donations from individuals and entities, and possible sanctions evasion through aircraft or other transport to transfer gold or other valuable items and economic resources for sale on international markets. In addition, United Nations Security Council Resolution 2178 (2014)<sup>2</sup>, requires all member states to prevent and suppress the financing of foreign terrorist fighters, including their travel and subsequent activities. The FATF looks forward to the report prepared by the monitoring team under Resolution 2170, in particular on the threat posed by ISIL and its funding.

## FATF Recommendations relevant to ISIL

While an effective AML/CFT regime, in general, is important for countering terrorist financing, the FATF emphasizes that the implementation of certain FATF recommendations is particularly relevant for countering the financing of ISIL:

Countries should actively investigate and prosecute the financing of terrorist organisations and individual terrorists, even in the absence of a link to a specific terrorist act (FATF Recommendation 5).

Countries should robustly implement targeted financial sanctions against individuals and entities without delay and should consider proposing new listings of individuals and entities meeting the designation criteria (Recommendation 6). See also FATF Best Practices on Targeted Financial Sanctions related to Terrorism and Terrorist Financing.

Countries should ensure that non-profit organizations are not being abused by terrorist organisations to raise, move, or use funds (FATF Recommendation 8).

Countries should implement appropriate preventive measures to prevent ISIL from accessing the international financial system, including related to customer due diligence, correspondent banking, and wire transfers (FATF Recommendations 10, 13, 16).

Countries should ensure that individuals providing money or value transfer services are licensed, monitored, and sanctioned for lack of compliance (FATF Recommendation 14).

Countries should implement cash declaration/disclosure systems for both incoming and outgoing transportation of currency and bearer negotiable instruments (BNIs). Designated competent authorities should have the authority to request and obtain further information from the carrier with regard to the origin of the currency or BNIs and their intended use. In cases where the currency or BNIs is suspected to be related to terrorist financing, authorities should confiscate the currency or BNIs. (FATF Recommendation 32)

Each country should ensure that it has adequate means to and does in fact provide prompt and useful international cooperation, including inter-agency cooperation, mutual legal assistance and extradition, to other countries seeking to detect terrorist financing activity and to investigate or prosecute individuals or entities connected to such activity. (FATF Recommendations 37, 39, 40)

The fight against ISIL urgently needs more insight into sources and methods of funding of ISIL. FATF experts will therefore work together to assess and identify the terrorist financing and money laundering risks posed by ISIL, including how funds and other assets are raised, moved, and used by ISIL, and publish the results.

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[1] Adopted on 14 August 2014.

[2] Adopted on 24 September 2014.