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01

METHODOLOGIES BRIEF >>>

BUILDING A PROFILE: FINANCIAL CHARACTERISTICS
ASSOCIATED WITH KNOWN FOREIGN TERRORIST
FIGHTERS AND SUPPORTERS

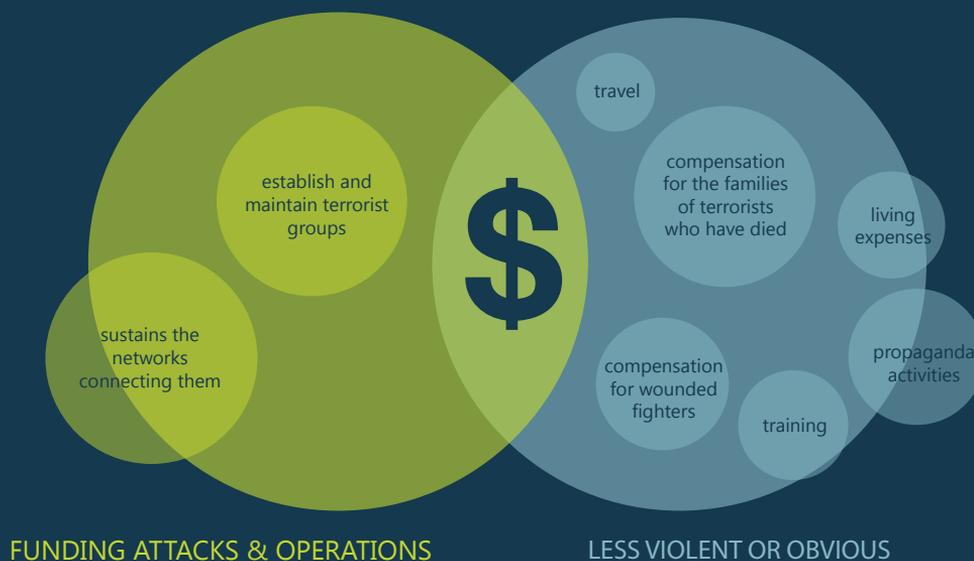
BUILDING A PROFILE: FINANCIAL CHARACTERISTICS ASSOCIATED WITH KNOWN FOREIGN TERRORIST FIGHTERS AND SUPPORTERS

Financial transactions offer crucial glimpses into the behaviour of foreign terrorist fighters and supporters, though it must be noted that these indicators are difficult to proactively identify, as their financial activity does not differ significantly from general financial activity.

Transactions associated with terrorism financing are also usually low-value, making it difficult to differentiate suspicious transactions from legitimate ones.

AUSTRAC IS CONTINUING TO WORK TO IDENTIFY FINANCIAL CHARACTERISTICS ASSOCIATED WITH THESE INDIVIDUALS WHICH WE THEN SHARE WITH INDUSTRY. RAISING AWARENESS OF THE FINANCIAL CHARACTERISTICS ASSOCIATED WITH KNOWN FOREIGN TERRORIST FIGHTERS AND FOREIGN TERRORIST SUPPORTERS IS IN THE PUBLIC INTEREST AND MAY HELP COMMUNITIES, FAMILIES AND INDIVIDUALS DETECT ACTIVITY OF POTENTIAL CONCERN.

REASONS FOR FUNDS



WHAT IS TERRORISM FINANCING

Terrorism financing can fund individual attacks and operations, but it also helps to support less obvious aspects of a group's operations.

Cutting off the funds at the source can make a significant difference to national security. Contribution from industry is critical in achieving this.

Terrorism financing underpins and enables the work of extremists – putting us all at risk.

Our financial intelligence includes tracking funds that:

- help establish terrorist groups
- maintain terrorist groups and the networks connecting them
- support living expenses, travel, training, propaganda activities and compensation for wounded fighters or the families of terrorists who have died.

INDICATORS

The following list of possible key indicators, developed from identified financial characteristics, may help identify individuals intending to depart Australia as foreign terrorist fighters (FTFs) or supporters (FTS).

These indicators are broad and should not, in isolation, be considered indicative of such an intention. In most cases, it is the existence of multiple indicators which raises suspicion of potential criminal activity and prompts further investigation.

KEY INDICATORS

PRIOR TO DEPARTURE FROM AUSTRALIA

Source of funds

FTFs and FTSs seek funds for travel and related expenses from a variety of sources.

Most choose sources that allow them to access funds quickly without raising the suspicion of law enforcement, intelligence agencies or industry.

Sources can be legitimate or illicit, including:

- funds in the FTFs or FTSs accounts, including wages and savings
- loans or contributions from family and associates
- an application for a loan or credit card, which could be used to access cash
- the selling of personal assets.

A number of FTFs or FTSs have been observed remitting funds overseas prior to departure. These funds are usually sent either to a country bordering the conflict zone or to a transit country.

Like many travellers, some FTFs or FTSs notify their financial institution of their intention to travel. Nominated countries included transit countries and countries bordering conflict zones.

Use of funds

FTFs mainly purchase goods via online payment accounts or via credit or debit cards. Purchases can include:

- stored value cards
- medical centre payments
- donations to charities online
- VOIP services
- mobile phone accessories
- clothing suitable for use in battle scenarios.

POST DEPARTURE FROM AUSTRALIA

Access to funds

FTFs and FTSs may continue to access their Australian bank accounts as they travel to conflict zones.

Some FTFs receive funds, via remitters, once in transit.

Some FTFs utilise stored value cards when travelling to carry and access funds whilst abroad.

BACKGROUND

The Australian Government estimates that more than 110 Australians have travelled overseas to Syria and Iraq to become FTFs or FTSs.

We also know that about 190 people in Australia are providing support to individuals and groups in the Syria/Iraq conflicts through financing and recruitment, or are seeking to travel. Most of these people are young men and women.

Individuals are likely to continue wanting to travel while there is conflict in Syria. Groups such as ISIL continue to engage in increasingly sophisticated attempts to radicalise people from around the world, including Australia.

The key indicators identified in this brief are not intended to be exhaustive and the majority of people displaying one or more of these indicators will not engage in such activity. Listed indicators are broad and should not be interpreted in isolation as an intention to engage in FTF or FTS activity. Ordinarily, it will be the intersection of a number of financial indicators and characteristics which will trigger further investigation.

FTFs and FTSs, like other people engaged in criminal activity, will continue to adapt and develop their behaviours to avoid scrutiny.

Ongoing engagement between domestic and international partners, including the Egmont Group and Financial Action Task Force (FATF), supported the identification of terrorism financing explored in this brief.

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SUSPICIOUS MATTER REPORTING

Reporting entities are required to report any financial activity which they consider to be suspicious through suspicious matter reports (SMRs). If a suspicion relates to the financing of terrorism, an SMR must be submitted within 24 hours of forming the suspicion.

SMRs provide crucial intelligence about behaviour and patterns from a financial perspective. AUSTRAC assesses and disseminates relevant SMRs to law enforcement agencies and other authorities for their consideration.

SMR values can relate to single transactions, but also financial activity over months or years – or even related transactions that did not go ahead.

Of the 81,074 SMRs received by AUSTRAC last financial year, 367 were identified by industry as suspected terrorism financing - a 300 per cent increase the previous financial year.

AUSTRAC assessment flagged a further 169 SMRs as potentially relating to terrorism financing – a total of 536 reports.

These reports had a total associated value of approximately \$53 million.

Funds are often disguised within legitimate financial transactions, meaning much of this \$53 million total is likely to be unrelated to terrorism financing.

AUSTRAC also raises awareness of vulnerabilities within the financial sector, to support industry efforts to detect and deter money laundering. By strengthening internal AML/CTF controls and programs, reporting entities can undertake enhanced and ongoing customer due diligence, and develop policies and strategies to protect their services from being misused by criminals.

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AUSTRAC
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QUESTIONS AND FEEDBACK

Please contact the AUSTRAC Contact Centre:

- **Telephone:** 1300 021 037
- **Email:** help_desk@austrac.gov.au

Information is also available on the AUSTRAC website at www.austrac.gov.au

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