

Financing of terrorism and Money laundering:

Variations on the same theme?

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- FATF expanded its mandate beyond anti-money laundering to include countering the financing of terrorism.
- FATF issued 9 special recommendations on terrorism financing.
- The special recommendations focused on the similarities of the methods used in money laundering and terrorist financing.



## Switzerland contribution to the effort of fight against terrorist financing

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- Switzerland ratified international conventions.
- Switzerland is continuously adapting its legislation.
- Switzerland also used its existing legislation against money laundering to counter terrorist financing.

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- Obligation to verify the identity of the customer (art.3).
  - Obligation to establish the identity of the beneficial owner (art.4).
  - Obligation to clarify the economic background and the purpose of a transaction or of a business relationship (art. 6).
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### Alinea 1

*“A financial intermediary who knows or has reasonable grounds to suspect that assets involved in the business relationship are connected to an offence in terms of Article 305bis SCC, or that the assets are the proceeds of a felony or are subject to the power of disposal of a criminal organization (Art. 260ter No. 1 SCC) must immediately file a report [SARs] with the Money Laundering Reporting Office Switzerland (« MROS ») [...]”.*

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# Results of the measures put in place

Year	Number of SARs			Asset value	
	Total	Terrorist funding (TF) SARs	TF in % of total no. of SARs	In connection with TF	TF in % of total amount of SARs
2001	417	95	22.80%	131,379,332.45	4.82%
2002	652	15	2.30%	1,613,819.00	0.22%
2003	863	5	0.60%	153,922.90	0.02%
2004	821	11	1.30%	895,488.95	0.12%
2005	729	20	2.70%	45,650,766.70	6.71%
2006	619	8	1.30%	16,931,361.63	2.08%
2007	795	6	0.80%	232,815.04	0.03%
<b>TOTAL</b>	<b>4,896</b>	<b>160</b>	<b>3.30%</b>	<b>196,857,506.67</b>	<b>2.71%</b>

Source: MROS 2007 annual report (p.12)

Why do the measures taken to fight money laundering not seem to be completely relevant to combat the financing of terrorism?

- FATF considers the following as key limitations:
    - Connection between funds and terrorism can be extremely difficult to detect.
    - The funds used to finance terrorist acts often do not transit via conventional banking systems.
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## Retrial of Hamas financing case begins in Dallas

By PAUL J. WEBER – 5 days ago

DALLAS (AP) — Federal prosecutors Monday started a second attempt to convict leaders of a Muslim charity on charges of financing terrorism after the first trial last year ended with a mistrial on most of the allegations.

The Holy Land Foundation for Relief and Development is accused of funneling more than \$12 million dollars to the Palestinian militant group Hamas, which the U.S. government considers a terrorist organization.

- The funds used to organize a terrorist attack are usually not very important and are therefore not easy to detect

Attack	Date	Estimated cost
London transport system	July 7, 2005	GBP 8 000
Madrid train bombings	March 11, 2004	USD 10 000
Istanbul truck bomb attacks	November 15 & 20, 2003	USD 40 000
Jakarta JW Marriot Hotel bombing	August 5, 2003	USD 30 000
Bali bombings	October 12, 2002	USD 50 000
USS Cole attack	October 12, 2000	USD 10 000
East Africa embassy bombings	August 7, 1998	USD 50 000

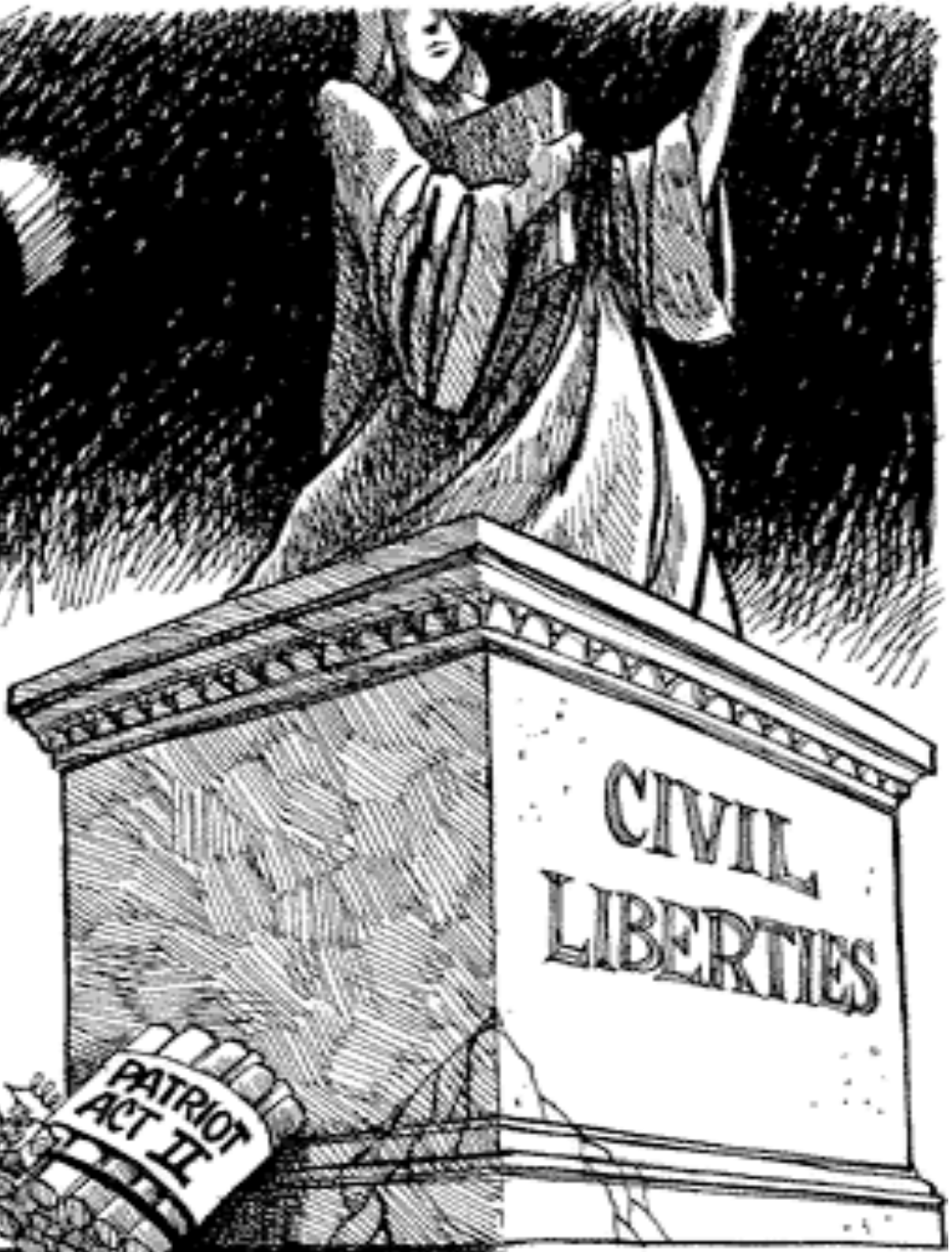
Source: FATF, Terrorist Financing report, 29/02/2008 (p.7)

- Measures taken do not seem to be sufficient.
- Measures are likely to be reinforced.
- Some experts recommend a centralization of every financial transfer in an international organization of investigation established by the United Nations.
- The fight against terrorist financing should not only focus on the financial sector.



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