



GUYANA

**National Strategy for
Combating Terrorist
Financing**



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Definitions

AML	-	Anti-Money Laundering
BOG	-	Bank of Guyana
CFT	-	Countering the Financing of Terrorism
CPF	-	Countering Proliferation Financing
DNFBP	-	Designated Non-Financial Business and Profession
DPP	-	Direction of Public Prosecution
FATF	-	Financial Action Task Force
FIU	-	Financial Intelligence Unit
LEA	-	Law Enforcement Agency
ML	-	Money Laundering
MOU	-	Memorandum of Understanding
NCC	-	National Coordinating Committee
NPO	-	Non-Profit Organisation
NPS	-	National Policy and Strategy
NRA	-	National Risk Assessment
PF	-	Proliferation Financing
RBAP	-	Risk Based Action Plan
SOCU	-	Special Organized Crime Unit
STR	-	Suspicious Transaction Reporting
TF	-	Terrorist Financing
UNSC	-	United Nations Security Council
UNSCR	-	United Nations Security Council Resolution
VA	-	Virtual Assets
VASPs	-	Virtual Assets Service Providers

Foreword

The Government of Guyana has demonstrated its commitment to strengthen the detection and prevention mechanisms towards terrorism and proliferation financing. It delineates a clear message that there exists a determination to protect the integrity of the financial system and vigorously pursue those who abuse it for illicit means.

This strategy is based on the insights and results gained during the National Risk Assessment (NRA) of 2021, the actions outlined in the Risk Based Action Plan (RBAP) as a result of the NRA, the National Anti-money Laundering/Countering the Financing of Terrorism/Countering Proliferation Financing Policy and Strategy (NPS) for 2021-2025 and the update to the terrorism financing and proliferation financing risk assessments within the 2021 NRA.

The strategy also compliments the Counter-Terrorism Strategy, in particular Pillars II AND III, which speaks of denying terrorists the means and opportunity to carry out their activities and disrupting extremist and terrorist activities and movements in Guyana respectively.

This strategy also outlines the initiated steps of the beforementioned documents and formulates specific measures aimed at further improving Guyana's detection, prevention, prosecutorial and conviction mechanisms for countering the financing of terrorism and proliferation financing.

The RBAP, NPS and update to the terrorism financing and proliferation financing risk assessments within the 2021 NRA and the individual measures contained in this strategy forms the nexus upon which the objective is to enhance the robustness of Guyana's detection, prevention, prosecutorial and conviction mechanisms towards countering the financing of terrorism and proliferation financing.

Rommel St. Hill

Secretary, AML/CFT/PF National Coordination Committee

Executive Summary

This strategy represents the most recent changes to Guyana's AML/CFT Act and a nexus of all national strategies and actions plan aimed preventing and detecting ML/TF/PF related activities. It further delineates Guyana's determination to protect the security, prosperity and integrity of its financial system and the international financial system at large.

The strategy is principally concerned with creating a more robust law enforcement department that will respond to and conduct investigations regarding terrorist financing and proliferation financing. This would entail more powers and capabilities in the AML/CFT legislation for law enforcement agencies to enable the relentless disruption of criminals and terrorist.

This is in addition to the new counter-terrorism department (Special Branch Anti-Terrorism Unit) which will be responsible for investigations and intelligence gathering on terrorism-related matters, as well as the Anti-Terrorism Task Force, which is the national coordination mechanism under the Anti-Terrorism and Terrorist Activities Act 2015.

Second, to bolster the supervisory regime to ensure that reporting entities are aware of their terrorism financing/proliferation financing (TF/PF) obligations. That reporting entities are aware of the TF/PF risks their entities are faced with and that their compliance programmes are commensurate with the risks identified and a risk-based approach is applied in detecting and preventing the TF/PF related activities.

Third, to increase domestic and international cooperation and collaboration amongst supervisory authorities and jurisdictions in the exchange of information to support the fight against terrorism financing and proliferation financing.

The overall objectives of these priorities and central to this strategy is to improve the current mechanism of data and information gathering to support the assembling of intelligence for investigation, prosecution and conviction purposes, to undertake parallel actions in disrupting terrorism financing and proliferation financing activities and to improve current mechanism directed towards the detection and prevention of TF/PF.

Introduction

Terrorists need funding to recruit and support members, fund logistics and conduct functions related to terrorism. Preventing such financing and preventing access to resources is therefore essential to combat the threat of terrorism successfully.

This includes combatting the abuse of nonprofit organisations to raise and donate funds which are used by terrorist organisations, or to financing terrorist activities.

It is important, therefore to ensure that Reporting entities are reminded of their current identification obligations and, as appropriate, file and execute suspicious transaction reports (STRs) for potential terrorist financing transactions and adhere to applicable requirements for reporting the possession of terrorist property immediately.

Terrorist Financing

Terrorist financing also includes individual actors who finance themselves with small amounts of money as well as more complex arrangements and networks that can be embedded in existing money laundering methods that are used to support logistics networks, operators and procurement of material.

Based on the 2021 NRA, the country's TF Risk was rated as **MEDIUM** as its TF Threats, TF vulnerability as well as its terrorism risk were also rated Medium. This rating remains unchanged in the 2023 Update to the Terrorism Financing and Proliferation Financing Risk Assessments.

significant progress has been made in understanding the risks associated with TF and PF since the conclusions of the 2021 NRA was published. The implementation of several measures identified in the 2021 NRA has helped strengthen mitigations in multiple areas.

However, the overall risk of Guyana being used as a conduit for TF remains medium, policy actions and resources will continue to be used accordingly in relation to such.

Proliferation Financing

Also relevant with regard to the threat of terrorism financing, is the recognition of the similar but separate threat of proliferation financing.

The threat of proliferation financing of weapons of mass destruction stems from proliferation support networks. These are networks of individuals and entities, such as brokers and shell companies who work hard exploit the financial system to transfer funds that are used to either: acquire weapons of mass destruction or delivery systems or parts thereof; or to further the development of state-sponsored weapons programs, including circumventing the United Nations sanctions list. The actors involved in the proliferation of weapons of mass destruction have developed complex and multifaceted strategies to finance their programs. Reporting entities remain vulnerable to malicious actors who seeks to generate revenues and transfer money for support of illegal conduct through companies, exchanges or illegal exploitation of international trade.

Guyana's CFT/CPF response will be agile in the face of an evolving threat, more integrated to ensure authorities, agencies and entities can design and implement preventive mechanisms to reduce the risk of terrorism financing and proliferation financing.

Beneficial Ownership issues

It was recognised that charities and non-profit organisations could possibly be used as vehicles for terrorism financing. Generally, this information is obtained, retained and updated for trusts, NPOs and cooperatives by the relevant competent authority (Registrar of Deeds, CCDO). BO information is also maintained and updated by the Registrar of Commerce for incorporated and unincorporated businesses. Information is made available to the FIU on request.

There are guidelines for NPOs in the Second Schedule of the Guyana Compliance Commission Act. This is also supported by the requirement for the Registrar of Companies to keep a beneficial ownership register, with the ability to issue beneficial ownership guidelines.

For the period 2021- 2023, the Deeds and Commercial Registries Authority has provided beneficial ownership information in a timely manner. In some cases within 1-2 days. For larger

documentation, within 4 days. The process is simplified as an email is sent to the Authority requesting the document and the process is started to gather the required files.

There is room for improvement and enhancement but there are mechanisms for legal arrangements and legislative mechanisms which regulate the entities/ individuals who may be permitted or authorised to create legal arrangements specifically NPOs, and societies. Under these legislative mechanisms, it is a requirement for dd to be conducted on each member of the society which is conducted by a third party (the Guyana Police Force).

The requirement on the Registrar to have a register, and the power to issue beneficial ownership guidelines are key elements that will assist with regard to beneficial ownership and issues that may be related to financial crime, including terrorism and proliferation financing.

However, it was recognized that there are some Legal Arrangements which do not fall under the legislation which requires registration, In some cases, legal arrangements are done privately without scrutiny of a designated public authority and will be addressed by the AML/CFT (Amendment) Act 2023 and its regulations.

Neighbour jurisdictions and issues related to beneficial ownership

Whilst no disaggregated data information was available with regard to companies with principals and directors from neighbor jurisdictions for legal persons, legal arrangements and NPOs, there are a number of reasons why it is likely that Guyana has legal persons and legal arrangements that may contain directors and beneficial owners from neighbor jurisdictions –

- Persons from neighbor jurisdictions historically do business in Guyana;
- Guyana's oil and gas boom since 2020 has encouraged persons from neighbor jurisdictions, particularly Trinidad and Tobago, to seek opportunities in the oil and gas industry, although this is buttressed with local content legislation by Gyana, requiring companies to have at least 51% ownership by a national of Guyana and
- The historical context of gold mining and the experience of persons in Brazil and Venezuela in the mining industry. This is also likely for the oil and gas sector, although not to the extent of Trinidad and Tobago.

As a result, cross border information sharing will be key in relation to beneficial ownership issues. Legal requirements for companies to provide adequate, accurate and up to date beneficial

ownership information to Registrars of legal persons and legal arrangements will also provide a key mitigation measure for reporting entities that may be onboarding or doing business with persons.

Involvement of domestic, regional and international authorities and partners given the need for extensive cooperation and collaboration to combat terrorism financing. The following key authorities cooperation and collaboration on various levels is critical for its success of combatting terrorism financing:

Key Implementing Domestic Authorities

Ministry of Home Affairs

Attorney General's Chambers and Ministry of Legal Affairs

Ministry of Foreign Affairs and International Cooperation

Ministry of Human and Social Services

Ministry of Labour

Financial Intelligence Unit

Special Organised Crime Unit (SOCU)

Guyana Revenue Authority -Customs

Customs Anti Narcotics Agency

AML/CFT/PF National Coordination Committee

Public Security Defence Mechanisms

Guyana Defence Force including the Coast Guard

Guyana Police Force

National Security and Intelligence Agency

Special Branch Anti Terrorism Unit

Regional Partners

CARICOM Secretariat

CARICOM IMPACS

Caribbean Financial Action Task Force(CFATF)

ARIN-CARIB

Regional Security System

International Partners

INTERPOL

United Nations Office on Drugs and Crime

World Bank

International Monetary Fund

Financial Action Task Force

Recommended actions

The updated TF Risk Assessment, in addition to the 2021 NRA, had a number of recommendations-

- There is a need to advance technologically to detect ML/TF/PF. The Government of Guyana should ensure that adequate resources are available to keep up with the changing methods used by money launderers and terrorists. Such an investment would enable Guyana to match international standards.
- It is also advised that Guyana further formalise counter terrorism/TF arrangements between other countries, such as done with FIU Guyana and FIU Belize in May 2023 by way of MOU;
- Although substantial outreach and engagement has been extended, it is acknowledged that CFT skills and CFT capacity must continually be evolving to effectively meet with the threat. Therefore, continued training and outreach will continue across the public and private sectors.
- Adequate monitoring and supervision for legal arrangements that fall within the definition of FATF Recommendation 8 that may be potentially abused;
- It is also important to have continuous public awareness campaigns, as well as targeted sessions with important stakeholder entities (private and public sector); and

- Take into account the detailed results of the Legal Persons and Arrangements, Virtual Assets and VASPs, NPO TF and Extractive Industries Risk Assessment with regard to TF and implement related recommendations.

The following strategic actions to be taken in relation to TF are three broad areas –

1. Enhancing and expanding cooperation and collaboration between supervisory authorities, competent authorities and law enforcement agencies.
2. Strengthening the gathering of intelligence and intelligence structures.
3. Sensitisation of Risks by Supervisory Authorities
4. Enhancing detection strategies to identify risks associated with new technologies.

1. Enhancing and expanding cooperation and collaboration between Supervisory Authorities and LEAs – Information Sharing

The Government of Guyana, by virtue of the National Coordinating Committee is aware of the dangers that terrorism financing and proliferation financing posed to its economy and are making enormous efforts to prevent TF/PF related activities from originating, transiting and proliferating within its economy.

A key component of an effective AML/CFT/CPF regime is the effective sharing of information between supervisors and law enforcement agencies, and among supervisors. For a supervisor to act effectively it must have information sharing gateways and mechanisms that allows it, along with law enforcement to share information to counter TF/PF,

Combatting TF/PF is a multidisciplinary task that requires the involvement of multiple stakeholders at various levels. To strengthen the national combatting of TF/PF, all supervisory authorities need to cooperate and collaborate with regards to information sharing and create within their own structures, mechanisms for responding and dealing with requests from other supervisory authorities.

To facilitate the sharing of information and enable a prompt working relationship between each supervisory authority, memorandums of understanding (MOUs) are being finalized for August 2023 between each supervisory authority and specific MOUs between SOCU and other law enforcement agencies, such as the FIU.

Notwithstanding, the inclusion of the Guyana Compliance Commission which, with the recent passing of the Guyana Compliance Commission Act (Bill No. 12 of 2023) became the AML/CFT supervisor for Accountants, Attorneys-at-law, Auditors, Commissioner of Oaths and Affidavits and Notaries, with the aim of achieving inclusion of previously unsupervised reporting entities and greater cooperation and collaboration of CFT/CPF efforts.

As recommended in the Updated TF Risk Assessment, cross border MOUs should be pursued to ensure that information is shared and actions are taken in relation to TF and targeted financial sanctions (TFS), particularly with its neighbours in Trinidad and Tobago, Suriname, Brazil and

Venezuela. There is already an agreement with Brazil with regard to international cooperation, as well as the CARICOM mechanisms that encompass both Trinidad and Tobago and Suriname as CARICOM Member States; however, TF specific MOUs can increase more detailed and targeted cooperation mechanisms.

Specific Outcomes

- Further prioritization of CFT/CPF.
- Strengthening information sharing among supervisory authorities.
- Expansion and development of information sharing mechanisms of supervisory authorities of every sector susceptible to ML/TF/PF.
- Standardized formats to facilitate information sharing.
- Further regional and international cooperation and formalised agreements with neighbour jurisdictions.

2. Power and Authority of Intelligence gathering structures; The FIU, Law Enforcement Authorities and other investigative and intelligence departments.

The FIU is where all information obtained from suspicious transaction reporting under the AML/CFT Act comes together. As such it plays an important role in detecting trends and patterns for the production of typologies and intelligence reports to law enforcement.

The SOCU is responsible for investigating ML/TF/PF and other financial crimes and the office of the DPP is responsible for prosecuting all offences including ML/TF/PF. The NRA of 2021 found that all these agencies, including the FIU have inadequate human technical resources to effectively and efficiently analyse, investigate and prosecute terrorism and TF related matters. None have dedicated or specialized sections for dealing with TF. Further, they have not benefitted from any specialized TF training but rather general ML/TF related training.

As outlined in the RBAP, the FIU will be provided with specialized training as it relates to the receipt and analysing of STRs related to TF. Its department will be populated with specialized members to focus on countering terrorism and TF related matters. The SOCU and office of the DPP will be adequately structured, funded and staffed by persons with appropriate training and skills in dealing with financial crimes, civil recovery and other resources to perform their functions. An investigation manual, standard operating procedures and a code of conduct will be designed and implemented for the SOCU using international best practices for a more structured approach to conducting investigations and to measure and manage the process in meeting the desired outcome. The office of the DPP will be provided with more office space and additional employees including an expert financial crimes prosecutor. Sentencing guidelines will be designed and implemented across all courts to ensure uniformity in the AML/CFT regime as well as related Acts.

Since the publication of the NRA of 2021, the FIU, DPP and SOCU participated in TF related training that centers around the fight against financing of terrorism, use of financial intelligence and TF investigation techniques, inter alia. There was also TF/PF related training on confiscation and trade-based money laundering.

Along with the Guyana Police Force - Special Branch's collaboration with SOCU in terms of investigations and its intelligence services in regard to terrorism. A new unit has been established by the AML/CFT act called the Anti-Terrorism Task Force, which will be a committee comprising of the Attorney General or his/her designate, the head of GPF-Special Branch or his/her designate, the head of the SOCU or his/her designate, the head of the National Intelligence and Security Agency or his/her designate, the DPP or his/her designate and the Director of the FIU or his/her designate. The Task force shall be responsible for developing national policies and strategies informed by the risks identified, ensure effective mechanisms are in place which facilitates cooperation and where appropriate, coordination among policy makers regarding counter terrorism and any other functions as are necessary. The SOCU has been made a semi-autonomous body by way of section 108A of the AML/CFT (Amendment) Act 2023 to enhance and strengthen its various mechanisms for the cooperation on domestic and international levels on issues related to ML/TF/PF.

Specific Outcomes

- Build CFT capacity, through specialised training and inter agency and external agency cooperation and collaboration.
- Deliver improvements in intelligence collection to facilitate better use of intelligence reports.
- Provide an effective multi-agency investigation response, drawing on expertise, to target complex ML/TF/PF cases.
- Enhance and increase the rate of intelligence exchanges with domestic and international partners.

3. Supervision: Prioritising Risk-Based Sensitisation to enhance the effectiveness of AML/CFT/CPF.

It is crucial that the results of risk assessments conducted at various levels are communicated to law enforcement authorities, supervisory authorities and reporting entities, allowing them to expand and improve their understanding of the risks. Suitable mechanisms for this are currently close to being finalised, such as the MOUs between LEAs, between the FIU and LEAs and among all supervisory authorities. Appropriate strategies have also been designed and executed at various supervisory authorities for informing their various reporting entities of risks. Notwithstanding supervisory authorities are carrying out their own analyses which includes reviews of ML/TF/PF risk profiles and risk assessments prepared by their reporting entities under their supervision so that their future actions are indicative of the specific risks in the specific sector.

In the NRA of 2021, it was indicated that financial flows related to TF appeared to have passed through Guyana using money transfer agencies. As such, the Bank of Guyana is working to improve the efficiency of preventive monitoring systems at various reporting entities in the financial sector under its purview. In terms of providing guidance, the BOG has updated its supervision guideline No. 13 to include guidance on proliferation financing for its reporting entities. The BOG is also expanding its risk-based supervision and working to continuously improve the risk-based approach and risk awareness of reporting entities under its supervision.

In the DNFBP sector, it is critical for reporting entities and supervisory authorities to pursue a strong risk-based approach. Different sectors face different risks to which reporting entities are required to respond by enforcing their mitigation controls and as part of their statutory obligations. The results of the NRA of 2021 offer a great deal of evidence as to the importance of DNFBPs applying a risk-based approach to their operations. The gravity of all reporting entities, specifically those that are DNFBPs, involvement in reporting suspicious transactions is important and pertinent for an effective prevention system. For this reason, greater efforts will be placed on raising awareness among reporting entities in the DNFBP sector. The FIU has provided guidance on suspicious transaction reporting in 2021 to assist reporting entities with the implementation and enhancement of their obligations to report suspicious transactions.

In furtherance of ensuring there is a national and uniformed understanding of risks, a NPO TF risk assessment was finalised in 2022. The risk was found to be low. The total number of NPOs formed as companies were 487, broken down by the type of activities conducted; 209 were religious, 66 were charitable, 40 were educational, 112 were social and 60 were established for other good works. To provide adequate sensitisation, increase the understanding of the sector's risk exposure and to further identify those NPOs required to by FATF, outreach exercises have commenced. Additionally, to bring the sector under adequate supervision, its obligations as well as updated provisions as a reporting entity was established (Guyana Compliance Commission Act) and communicated to further enhance the sector's awareness of its AML/CFT/CPF responsibilities.

As part of its supervision mandate, supervisory authorities in collaboration with the FIU are continuously ensuring that their reporting entities are complying with the legislative provisions on freezing funds or other assets related to individuals or entities published by the UNSC pursuant to the UNSCRs 1267, 1373 and 1718 and their successor resolutions. During examinations and inspections supervisory authorities are confirming and assessing the adequacy of sanction screening mechanisms of targeted financial sanctions related to terrorism and terrorist financing and targeted financial sanctions related to proliferation financing. As of the finalisation of this strategy, supervisory authorities have found that reporting entities do not deal with property of listed individuals or entities, enter into or facilitate transactions related to listed individuals or entities, provide financial or other related services in respect of the property of listed individuals or entities, or make any property or any financial or other related services available for the benefit of listed individuals or entities.

Development of typologies are also important. Whilst there are typologies used, a short guide towards developing such in Appendix I.

Specific Outcomes

- Improve and develop understanding of risks.
- Communicating the results of various risk assessments to supervisory authorities and reporting entities.

- Increase risk-based supervision, taking into account the specific risk situation of each sector and reporting entity.
- Ensure there is adequate supervision for legal persons and legal arrangements that may be abused for TF.

4. Strengthening detection strategies in connection with the risks arising from new technologies.

Digitisation and the rise of new technologies pose new challenges in AML/CFT/CPF, especially in connection with services that allow users to remain anonymous. Guyana has undertaken a virtual assets and virtual assets service provider risk assessment which includes an assessment of risks associated with virtual assets and virtual assets service providers in relation to terrorism financing and proliferation financing. A related guidance document was published by the AML/CFT/CPF NCC, informing reporting entities and supervisory authorities of the risks and considerations in relation to virtual assets and VASPs. Further, to elevate Guyana to levels in line with international standards, amendments to the legislative regulatory framework to implement the FATF definition for virtual assets and virtual assets service providers were implemented. VA and VASPs will now be reporting entities under the AML/CFT regime (AML/CFT Act as amended, 2023). The Guyana Compliance Commission Act 2023 has also placed a prohibition on the use of VA and the operation of VASPs in Guyana by section 72 of the Act.

Whilst Guyana's economy at this time is heavily cash based, the utilisation of VA and the operation of VASPs is at this time unlikely. Further, confiscation and forfeiture of the asset would be difficult at this time, given the lack of tools and expertise by the law enforcement in disrupting the activities. As such, the Government of Guyana has decided to ban the use of virtual asset as a measure of trade or exchange and the operation of VASPs, until 1st January 2026 or whatever date may be proclaimed by order.

To facilitate and strengthen the detection mechanisms, advertisements will be placed in various newspapers informing the general public of the prohibition of the use of virtual asset and operation

of VASPS and for persons to contact the FIU to report the use of the asset and operation of the respective service providers.

Guyana by virtue of the NCC will continue to monitor developments in the area of virtual assets and virtual assets service providers. The regulatory framework will be reviewed on an ongoing basis and adjusted if necessary. Further, Guyana supports the speedy development of suitable tools that can be deployed by relevant supervisory authorities, law enforcement and reporting entities to aid in detecting the use of virtual asset within its border.

Specific Outcomes

- Extending the regulatory framework in line with FATF requirements to include virtual assets and virtual assets service providers.
- Identifying, assessing and understanding the risks virtual assets and virtual assets service providers pose to the economy.
- Revision of current legislation to bring it in line with international standards.
- Use of innovative technologies for AML/CFT/CPF.
- Take into account the detailed results of the Legal Persons and Arrangements, Virtual Assets and VASPs, NPO TF and Extractive Industries Risk Assessment with regard to TF and implement related recommendations.

Conclusion

The threat of terrorism financing and proliferation financing is enduring and evolving. The aim of this strategy is to reduce the risk of terrorism financing and proliferation financing and disrupting TF/PF networks whose goals are to misuse the financial system to support terrorism and the proliferation of weapons of mass destruction. As such, Guyana will:

- Ensure that CFT investigations draw on expertise and training from its law enforcement departments and to connect with other agencies in conducting parallel investigations that bolsters the cases brought before the office of the DPP for prosecution.
- Enhance public and private partnerships (Supervisory authorities and reporting entities) to be more effective in preventing TF/PF and by applying risk-based approaches to mitigating such activities.
- Deepen our international cooperation by detecting and disrupting TF/PF threats simultaneously, so that various capabilities can be maximised and new ones can be developed to support the fight against TF/PF related activities.
- Improve current detection mechanisms with the use of technology as Guyana remains vigilant of the existing and evolving threats of terrorism financing and proliferation financing.

APPENDIX I

Developing terrorist financing typologies for anti-money laundering/countering the financing of terrorism (AML/CFT) programs requires understanding.

You must understand the terrorist threat environment, emerging terrorist trends, the funding flows terrorists rely on to sustain their operations and your institutional risk for being used to facilitate terrorist funding flows.

When you understand these dimensions and place them in context with each other, you should be positioned to develop viable terrorist financing typologies.

This can be a daunting challenge because there are no silver bullets or smoking guns. In addition, the challenge of identifying terrorist financing is exacerbated by the breadth of the terrorist landscape in terms of funding sources, funding streams and use of funds.

It is possible to identify terrorist financing preemptively, but the likelihood is not probable until after a terrorist event takes place. We normally identify terrorist financing reactively, after the fact, through negative news.

Our challenge is to improve the likelihood and thereby increase the probability of identifying suspicious activity before that activity evolves into a terrorist event. Increasing the probability of identifying terrorist financing begins with building a foundation through understanding the following four dimensions: the threat environment, emerging trends, funding flows and institutional risk.

By assessing each element and placing them in context with each other in a matrix or analytical report or assessment, you can take more generic risk indicators or red flags and make them more specific to your institutional risk.

There are numerous reference guides listing terrorist financing red flags and typologies on a broad or generic level. Taking those broad typologies and assessing them against your institution's risks will lead to developing more focused and institution-specific red flags and risk vulnerabilities.

As we consider the scope of the threat environment, emerging trends, funding flows and institutional risk, we face a daunting task when it comes to identifying terrorist financing. There are no quick fixes or shortcuts from a reporting entity standpoint. What is required is a meticulous, focused and forward thinking approach.

We must methodically take generic and broad based red flags and warning signs and meticulously shape them into institution-specific risk indicators.

This requires understanding and commitment. We must understand the problem or threat and we must dedicate adequate resources to address the problem. To best meet this challenge, we must place the threat environment, emerging trends, financial flows and institutional risks into context with each other.

Once the full context is assessed and placed in perspective and focus, we can more effectively and efficiently respond to the challenge. This will allow us to go from a reactive posture to developing proactive strategies.

Finally, in order to maximize the benefit of meaningful financial intelligence we must be forward thinking and innovative about exploiting the information.

How can we most effectively improve efficiencies to develop timely and actionable financial intelligence? As an example, one of the biggest challenges we confront today is identifying homegrown violent extremists and foreign fighters.

Most homegrown violent extremists have jobs and their customer profiles do not raise any suspicions until they are reported in negative media for committing or attempting to commit a terrorist act.

Likewise, foreign fighters who successfully travel to Syria are gone before warning signs are detected. One way to deal more proactively with these challenges is to conduct a cluster analysis or behavioral analysis model whereby you group a set of objects in such a way that objects in the same group are more similar to each other.

In addition to your base line transaction monitoring, another example of innovation is to take specific typologies and develop rules for targeted monitoring, where you are monitoring for more

specific activity. These examples demonstrate that the more proactive and innovative we can be, the more possible and probable we can make it to identify terrorist financing.¹

Non profit organisations and relevant competent authorities should consult the FATF Best Practices for NPOs in combatting terrorism financing at the link below –

<https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/BPP-combating-abuse-non-profit-organisations.pdf.coredownload.pdf>

¹ [Developing Terrorist Financing Typologies for AML Programs - ACAMS Today](#)