

INTERNATIONAL STANDARDS FOR TERRORIST
FINANCING REGULATION

Otaboev Bobur

Lecturer at the Department of Criminal Law,
criminology and anti-corruption

Tashkent State Law University

<https://doi.org/10.5281/zenodo.10370815>

Abstract : this article is devoted to the issues of international regulation of terrorist financing. The article analyzes the main international documents on the financing of terrorism.

Key words : terrorist financing, FATF, Basel Committee, FATF recommendations, UN resolution .

Terrorism poses a serious threat to the international community for several reasons. One of them is a global threat. Terrorist groups often operate in different countries, cross borders, and can carry out attacks internationally. This poses a global security threat as terrorists can target multiple targets in different parts of the world.

The financing of terrorism remains a pressing and important issue in the modern world. Despite the efforts of the international community to combat this phenomenon, terrorist groups still seek to support their activities with financial resources. Terrorist financing remains relevant to this day for several reasons. Here are some of the bottom:

1. **Adapting to New Technologies:** Terrorist organizations are becoming increasingly resourceful and adapting to new technologies, including cryptocurrencies , digital payments and online finance. This creates new challenges for systems to monitor and prevent terrorist financing.
2. **Cross-border nature of the threat:** Terrorist groups operate in multiple countries and can use complex financial schemes to evade detection. International cooperation and coordination are needed to combat cross-border funding flows.
3. **Evolution of Funding Methods:** Terrorists may use a variety of methods to finance their activities, including legal sources , charities, extortion, and others. This requires constant updating of countermeasures.
4. **Global Economy:** Terrorist financing can be linked to the legitimate economy through various channels. Countering the financing of terrorism also requires vigilance on the part of financial institutions.

Such a high degree of public danger from this threat is primarily due to the scale of the consequences of terrorist crimes and the significant number of victims as a result of their commission. The danger of terrorist activity for global security is caused by the observed trends in increasing the level of its organization, the creation of large terrorist formations with developed infrastructure within the country and abroad, the strengthening of the relationship between terrorist and organized crime, including transnational crime, as well as attempts to use terrorist activity as a tool for interfering in internal affairs. affairs of the State.

The intensity of terrorist activity directly depends on the level of its financing and material and technical equipment. In this regard, freezing the assets of terrorist organizations

and cutting off channels for financing terrorist activities is recognized as one of the most important tools in the fight against international terrorism.

The experience of the world community in combating terrorist activities shows that it is the financial self-sufficiency of terrorism that is one of the most acute problems that arise when countering it from the law enforcement system. The sponsors of the financing of terrorist activities come from both illegal sources (drug trafficking, weapons, other serious and especially serious crimes of mercenary nature) and completely legal ones (charitable foundations and public organizations, and sometimes national governments that support terrorist activities for their political purposes). ¹.

To prevent further activities of terrorists and terrorist organizations, the countries of the world community decided to withdraw their financial basis. After this, the world community adopted a number of international documents in this direction.

International standards for regulating terrorist financing are largely based on a number of international agreements, resolutions and conventions.

One of the most important documents in this direction is **the International Convention for the Suppression of the Financing of Terrorism of 1999**: This convention was proposed within the framework of the United Nations and is designed to ensure international cooperation in preventing the financing of terrorism. It includes measures to tighten controls over financial transactions and freeze the assets of terrorist organizations.

The Convention was adopted on December 9, 1999 by the UN General Assembly. It is designed to create effective measures to prevent, suppress and punish the financing of terrorism. The Convention contains a definition of terrorist financing, including the provision, collection and provision of funds with the intention of using them to commit terrorist acts.

According to this convention, any person commits an offense (Terrorist Financing) if he, by any means, directly or indirectly, unlawfully and intentionally, provides or collects funds with the intention that they should be used, or with the knowledge that they will be used, wholly or in part, to complete:

a) any act constituting a crime according to the scope of application of one of the treaties listed in [the annex](#) and the definition contained therein (crimes specified in this convention, meaning crimes of a terrorist nature);

b) any other act intended to cause the death of, or grievous bodily harm to, any civilian or any other person not taking an active part in hostilities in a situation of armed conflict, where the purpose of such act, by its nature, or context is to intimidate a population or force a government or international organization to do or refrain from doing something ².

Also, the Convention includes measures to combat the financing of terrorism. To this end, the Convention defines a number of measures aimed at tightening controls over financial transactions, freezing the assets of terrorist organizations and cooperation between countries in the exchange of information.

¹ Vakhrushev G. E. INTERNATIONAL LEGAL REGULATION OF COUNTERING THE FINANCING OF TERRORISM. Business in law. 3'2013

² **International Convention for the Suppression of the Financing of Terrorism** Adopted [by resolution 54/109](#) of the UN General Assembly on December 9, 1999 // email. Source: https://www.un.org/ru/documents/decl_conv/conventions/terfin.shtml

The Convention calls on states to tighten controls over financial transactions in order to identify and prevent transactions related to the financing of terrorism. This includes measures for customer identification, monitoring of banking transactions and information sharing. The convention also provides mechanisms for freezing the financial assets of terrorist organizations. This may include blocking bank accounts, freezing other financial assets and prohibiting their use.

An important feature of the Convention is that it emphasizes the need for international cooperation in combating the financing of terrorism. This includes sharing information between countries, joint investigations and coordinating actions to prevent terrorist attacks.

In addition, the Convention obliges states to develop and take measures to prevent the use of their financial systems for terrorist purposes. This may include tightening regulatory requirements affecting banks and other financial institutions.

These measures are aimed at ensuring an effective fight against the financing of terrorism at the global level and ensuring the security of states. States that have acceded to the Convention undertake to take these measures at the national level and to cooperate with other countries in this matter.

One of the most important areas of the Convention is the establishment of sanctions and criminal liability for individuals and organizations involved in the financing of terrorism. The Convention obliges states to impose sanctions against individuals and organizations that finance terrorism. These sanctions may include freezing bank accounts, freezing financial assets, arms embargoes and other restrictions.

States that have signed the Convention undertake to take measures to criminalize individuals and legal entities involved in the financing of terrorism. This includes the possibility of criminal liability for providing, collecting and providing funds with the intent to use them for terrorist acts.

Article 3 of the Convention states that each State Party, in accordance with the principles of its domestic law, shall take the necessary measures to enable a legal person situated in its territory or established under its laws to be held accountable in the event of an offense committed by the natural person responsible. for the management or control of this legal entity, which acts in its official capacity, is a crime. Such liability may be criminal, civil or administrative in nature.

Each State Party shall also ensure, in particular, that legal persons responsible are subject to effective, proportionate and effective criminal, civil or administrative sanctions. Such sanctions may include financial sanctions ³.

In addition, the convention establishes standards for taking measures to freeze and confiscate assets used to finance terrorism. This is an important practice for denying terrorist organizations access to financial resources.

Information exchange is also an important measure in countering the financing of terrorism. The Convention facilitates the exchange of information between States on individuals and organizations associated with the financing of terrorism. This helps create an effective system for early warning and suppression of terrorist financial schemes.

³ **International Convention for the Suppression of the Financing of Terrorism** Adopted [by resolution 54/109](#) of the UN General Assembly on December 9, 1999 // email. Source: https://www.un.org/ru/documents/decl_conv/conventions/terfin.shtml

The convention obliges countries to cooperate in investigations related to the financing of terrorism. This includes sharing information about bank accounts, financial transactions and other aspects that can help identify and disrupt financial flows supporting terrorism.

Overall, these measures are aimed at creating an effective system that ensures accountability for terrorist financing and prevents the misuse of financial resources for terrorist activities.

Also, countries ratifying the convention undertake to take the necessary legal and institutional measures to implement its provisions.

In general terms, it can be said that the Convention aims to provide a single and coherent international strategy in preventing and combating the financing of terrorism. Signatory and ratifying countries undertake to take effective measures at the national level and cooperate internationally to ensure security and prevent terrorist attacks.

The next international document is UN resolutions. The United Nations Security Council can impose sanctions on states, organizations and individuals associated with terrorist activities. These sanctions may include asset freezes, arms embargoes and other measures.

One such important document is UN Security Council Resolution No. 1373, adopted on September 28, 2001 in response to the terrorist attacks of September 11, 2001 in the United States. This resolution establishes mandatory measures for all UN members to prevent the financing of terrorism and combat terrorist groups.

Resolution 1373 provides the legal basis for the Security Council to impose sanctions on those associated with terrorist activities. These sanctions may include financial asset freezes, arms embargoes, funds transfer bans, and other counter-terrorism measures ⁴.

In terms of measures to criminalize the crime of TF, UNSCR 21781 provides measures to counter TF by criminalizing acts associated with foreign terrorist fighters (FTF). In particular, in accordance with operational paragraph 6, it is established that, subject to the provision of UNSCR 1373 that all Member States must ensure that any person involved in the financing, planning, preparation or commission of terrorist acts or in support of terrorist acts, prosecuted, all States must ensure that their domestic laws and regulations establish such acts as criminal offenses serious enough to permit prosecution and punishment to an extent that adequately reflects the seriousness of the offence.⁵

These and many other UN resolutions are an important instrument of international cooperation in the fight against terrorism and ensuring international security.

One of the most fundamental documents in the field of combating terrorist financing is the FATF Recommendations. The FATF develops and updates international standards to combat money laundering and terrorist financing. Its recommendations include provisions on how financial institutions and countries should counter the use of their systems for terrorist financing.

FATF Recommendation 5, which is basic along with Recommendation 3, provides requirements for countries to criminalize (establish criminal liability) the crime of terrorist

⁴Resolution 1373 (2001), adopted by the Security Council at its 4385th meeting on 28 September 2001 // <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N01/557/45/PDF/N0155745.pdf?OpenElement>

⁵ International AML/CFT/PWF system: textbook / ed. G.Yu. Neglyad , Yu.V. Lafitskaya - Moscow: IUMTSFM, 2022. - 515 p.

financing based on the International Convention for the Suppression of the Financing of Terrorism of 1999. Additional requirements regarding the elements of the crime are also based on the provisions of the relevant Security Council resolutions UN (2178, 2199, 2253). Thus, not only the financing of terrorist acts, but also the financing of terrorist organizations and individual terrorists should be criminalized, even in the absence of a connection with a specific terrorist act or acts. In addition, the Recommendation establishes the need to recognize such a crime as a predicate crime to laundering proceeds of crime due to the close connection between international terrorism and money laundering.

The Explanatory Note to the Recommendation, which has equal binding force, specifies the characteristics of the crime of terrorist financing. Thus, the offense of terrorist financing should cover any person who knowingly provides or collects funds or other assets in any way, directly or indirectly, with the unlawful intention that they are to be used, or knowing that they are intended to be used, in whole or in part, for the implementation of a terrorist act (acts) by a terrorist organization or an individual terrorist, even if there is no connection with a specific terrorist act.

In addition, the crime of terrorist financing includes financing the travel of individuals to a country other than the person's country of citizenship or residence for the purpose of committing, planning or preparing for, or participating in, terrorist acts or for providing or receiving terrorist training. At the same time, the criminalization of these acts should be carried out by establishing an independent crime, and not be derived from general criminal legal structures, such as complicity, attempt or conspiracy in other forms. In 2016, the FATF issued detailed guidance clarifying the requirements for criminalizing TF ⁶. Thus, with regard to the subjective side of the TF crime, it is noted that the act should be recognized as criminally punishable if there is intent, i.e. knowingly committing acts with unlawful intent ⁷.

The Basel Committee on Banking Supervision develops recommendations and standards in the field of banking supervision, including those aimed at preventing the use of banking systems for the financing of terrorism.

In the context of terrorist financing, the role of the Basel Committee is to develop measures and standards for banks to counter the use of financial institutions to finance terrorist activities. Here are a few aspects that highlight the role of the Basel Committee standards and recommendations in this context:

1. Anti- Money Laundering (AML) and Countering the Financing of Terrorism (CFT): The Basel Committee develops standards in the field of anti- money laundering and countering the financing of terrorism. These standards provide guidance to banks on implementing measures to detect and prevent transactions related to the financing of terrorism, as well as maintaining controls to prevent money laundering.
2. KYC: The Basel Committee standards include requirements for establishing and verifying customer identity (KYC). This helps banks monitor their customers more effectively and prevent their services from being used to finance terrorism.
3. Reporting and information sharing: The Basel Committee also emphasizes the importance of reporting by banks and the exchange of information between financial

⁶<https://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-Criminalising-Terrorist-Financing.pdf>

⁷ International AML/CFT/PWF system: textbook / ed. G.Yu. Neglyad , Yu.V. Lafitskaya - Moscow: IUMTSFM, 2022. - 515 p.

institutions and regulators. This allows you to quickly identify and respond to suspicious financial transactions.

4. Education and training of employees: The Basel Committee offers recommendations regarding the education and training of bank staff in the field of AML and CFT. This includes developing skills in identifying suspicious transactions and gaining a broader understanding of terrorist financing risks.

5. Investment and risk: The Basel Committee standards also cover aspects related to the assessment and management of risks, including risks associated with the financing of terrorism. This helps banks assess and manage such risks within their operations.

The Basel Committee's overall approach to banking supervision and standards provides greater tools to prevent abuse of the financial system for the purpose of terrorist financing.

These standards are aimed at ensuring cooperation between countries, sharing information and strengthening measures to prevent the financing of terrorism at the global level. They also emphasize the importance of active participation of financial institutions and governments in this process.

References:

1. Vakhrushev G. E. INTERNATIONAL LEGAL REGULATION OF COUNTERING THE FINANCING OF TERRORISM. Business in law. 3'2013;
2. International Convention for the Suppression of the Financing of Terrorism Adopted by resolution 54/109 of the UN General Assembly on December 9, 1999 // email. Source: https://www.un.org/ru/documents/decl_conv/conventions/terfin.shtml ;
3. International Convention for the Suppression of the Financing of Terrorism Adopted by resolution 54/109 of the UN General Assembly on December 9, 1999 // email. Source: https://www.un.org/ru/documents/decl_conv/conventions/terfin.shtml ;
4. Recommendations : International Standards on Combating Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction / Trans. from English - M.: IUMTSFM, 2012. - 191 p.;
5. International AML/CFT/PWF system: textbook / ed. G.Yu. Neglyad , Yu.V. Lafitskaya - Moscow: IUMTSFM, 2022. - 515 p.;
6. Resolution 1373 (2001), adopted by the Security Council at its 4385th meeting on 28 September 2001 // <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N01/557/45/PDF/N0155745.pdf?OpenElement>
1. <https://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-Criminalising-Terrorist-Financing.pdf> ;
2. https://www.un.org/ru/documents/decl_conv/conventions/terfin.shtml
3. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N01/557/45/PDF/N0155745.pdf?OpenElement>