It is vitally important that the issue of the financing of terrorism remains high on the public agenda, both nationally and internationally. Terrorist financing is the lifeblood on which terrorists survive. Without money, terrorists can’t train. They can’t plan. They can’t travel. And they can’t attack. We must therefore take all necessary steps to deny terrorist groups access to the international financial system and incapacitate their financial networks. The costs of not doing so are grave, putting us all at greater risk from terrorist attacks, undermining our security and way of life.

Evils of Modern, International Terrorism
Terroism has always been a terrible crime, attacking the social, economic and political life of states for years. But the events of 11 September 2001 were a grave, new departure – a wake-up call to the world that the new breed of terrorists was a global threat.

Today’s terrorism differs from the past in its fluidity and global reach. The motivation of international terrorists is more diffuse. They themselves are prepared to die in the pursuit of killing others; they have no interest in negotiation or compromise. Today, terrorists no longer have to congregate: the revolution in information technology and global communications makes cross-border communication as simple as sending an email or a text message. Their funding and logistical support may often come from private fundraising of various kinds, and often from the proceeds of crime. Terrorists can now transfer funds through international financial institutions and otherwise exploit the increasing globalization of the financial system to fund their murderous activities. The great irony is that these same financial systems are also the target of terrorist groups who are intent on sabotaging the structures that have brought economic development and prosperity.

Terrorism is often described as ‘the poor man’s warfare’. The very nature of terrorist activity means that it is not as expensive as people sometimes think. The figures are surprising. The attacks on 11 September were on the drawing board for a long time. It took two years to plan the attacks, to recruit the hijackers, and train the pilots. The nineteen hijackers had to pay their travel costs to the US and train as commercial pilots. It was, without doubt, the most carefully planned terrorist attack the world had ever seen, completely changing the world in which we live. But what did it literally cost? Probably around £250,000. Not an awful lot of money.

In 1993, the IRA car bomb at Bishopsgate in the heart of the City of London caused over £1 billion worth of damage. How much did that attack cost? Three thousand pounds. And the Bali bomb in October 2002? That cost around £5,000. How much damage did it cause? Over two hundred people lost their lives, and the economic and financial damage it caused to Indonesia is likely to run into billions of dollars as a result of the loss of tourism revenue.

International Response
So what has been the international response to international terrorism? Before 11 September, the international community had established a comprehensive legal framework to counter the financing of terrorism.

- The UN Convention for the Suppression of Terrorist Financing was signed in New York in 1999;
- United Nations Security Council Resolution 1267 of October 1999, called upon all states to impose a freeze on the funds owned or controlled by the Taliban in Afghanistan;
- And Security Council Resolution 1333 of December of the same year, called on all States to impose a freeze on the funds of Osama bin Laden and Al Qa’ida;
- And these resolutions were renewed in 2001 – through UN Security Council Resolution 1390 – and again this year through Security Council Resolution 1453.

Following the events of 11 September, the international community has taken action to reinforce the words of these resolutions. In the last eighteen months, the international community has frozen terrorist assets worth over $100 million. In the UK we froze £90 million. The bulk of this has now been released to the legitimate government in Kabul. But it is not just bank accounts that we freeze. The UK Government is obliged by the United Nations to freeze economic resources – not just money. In the past eighteen months we have ‘frozen’ carpets, property and even a tractor. We are committed to preventing terrorists from exploiting material assets in whatever form they take! We’re equally committed to encouraging other states to do their bit.

Security Council Resolution 1373, which was passed on 28 September 2001, for the first time imposed an obligation on all states to take a broad range of measures to suppress terrorism and block terrorist finances. And states – all states – are being monitored by the Counter-Terrorism Committee of the Security Council (a committee chaired by the UK’s Ambassador to the UN) to ensure that they implement these obligations.

In what other ways is the international community working to tackle terrorist financing? Bankers will be familiar with the Financial Action Task Force – the FATF – and its 8 Special Recommendations on Terrorist Financing. I will not go into detail on each recommendation here, but it is worth highlighting a couple of aspects to show the breadth and depth of the international community’s action against terrorist financing.

Special Recommendation 8 requires all FATF members and non-members to introduce a regulatory system for charities and non-profit organizations. Stopping the flow of terrorist funding from charitable and non-profit organizations is difficult, particularly since terrorist organizations actively conceal their illegitimate activities under legitimately funded causes. Clamping down on the misuse of charities and charitable-giving is therefore one of the main objectives of the international community. The UK is using the powers of its Charity Commission to undertake investigations into UK registered charities. The Commission works to ensure that funds are not being used improperly – that they are not financing political objectives. That they are not being used for crime. And that they are not financing terrorism.

The Charity Commission is also at the centre of our Counter-Terrorism Assistance Programme. Last week, the Charity Commission, on behalf of the Foreign and Commonwealth Office, ran a seminar on Charity Regulation for countries in South and South East Asia. The seminar discussed the legislative framework required to establish an effective charity regulation mechanism – to meet the international obligations of UNSCR 1373 and the FATF’s Special Recommendation. We will be holding more of these seminars, and are hoping to organize an event in partnership with the Gulf Co-operation Council later in the year.

The UK and other members of the international community, are also offering other forms of assistance to help countries meet their international obligations to prevent and suppress the financing of terrorism. We have many years’ experience of fighting the financing of terrorism because of our problems with Irish terrorism. We are...
keen to help others by sharing our knowledge. This year we have sent members of our police force – from the National Terrorist Financial Investigation Unit based in Scotland Yard – to South East Asia and the Americas to pass on some of our experience of investigating terrorist financing.

Impact of Initiatives
But the question we really have to ask ourselves is what impact have all of these initiatives had on combating terrorist financing?

I've already given some figures on the assets which the international community has frozen world-wide since 11 September. What is more challenging to assess is the disruptive impact of our efforts against terrorist financing. It is difficult to tell if a terrorist attack might have been aborted because of problems accessing funding – it is inherently difficult to prove a negative. But we do know that because of our increased monitoring of the international banking system, terrorists are increasingly being forced to use couriers to move money around the world: some have been arrested, and with concerted international action more arrests will undoubtedly follow. Clamping down on the space in which terrorists can operate, even at the lowest levels of their organization, helps to degrade their ability to plan and carry out attacks.

We also know that the annual income of organizations such as Al Qaeda has dropped significantly since 11 September. Al Qaeda’s income is around 10 per cent of what it used to be. But any money that flows into the hands of terrorists is too much money. As I indicated above, terrorists do not always need a lot of money to mount these attacks. We therefore need to work harder to block the money when it moves, and to identify and freeze it when it is in the banking system.

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Combatting terrorist financing is not a short-term policy with short-term goals. It is a policy for the long-term. We must all be committed to pursuing it.

Conclusion

At the heart of Islamic banking is the commitment to ethical banking, with the values of honesty, trust and integrity given great respect. The international community has created a framework to halt terrorist financing, but greater input from those involved in Islamic banking on how to tackle the financing of terrorism is needed. By working together, Muslim and non-Muslim in partnership, we can tackle a threat which confronts peoples of all faiths. Let us join forces to thwart the activities of the terrorist groups which seek to destroy the safety and prosperity of all communities in the UK.

Terrorist financing is the lifeblood on which terrorists survive. Without money, terrorists can’t train. They can’t plan. They can’t travel. And they can’t attack. We must therefore take all necessary steps to deny terrorist groups access to the international financial system and incapacitate their financial networks.