



TEDUTRAIN' 21

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**UNITED
NATIONS
OFFICE ON
DRUGS AND
CRIME**



Money Laundering
and Countering the
Financing of Terrorism

UNDER-SECRETARIES-GENERAL
Berin Emirođlu
Nisa Öncel



TED UNIVERSITY TRAINING
AND DEVELOPMENT
CONFERENCE 2021

LETTER FROM THE SECRETARY-GENERAL

Highly esteemed participants,

I am Hüseyin Hikmet Findık, a junior student at TED University, under the Department of Computer Engineering. I proudly would like to welcome you all to the TEDUMUN Training and Development Conference 2021, which we all believe will lead to a lot of new beginnings. While thinking about a training and development conference, it is impossible not to refer to what annoys us in real life. There is no doubt that day by day, the 21st century shows us the value of equality, democracy, justice, and every democratic norm that we deeply needed for peaceful communities. In the Turkey of the 21st century, it is obvious that we are stumbling at every single one of those values. These values create an environment that makes us happy, peaceful. It has been hard, sad, and desperate for us to see every single democratic norm being violated one by one, every day, right in front of our eyes.

When he first stepped into Havza, Samsun, while everything around was worse than ever, Mustafa Kemal Atatürk said “They do not want to kill us, they want to put us into the grave alive. We are now at the edge of the pit. One last tenacity can save us.”. When the hope ends, tenacity begins. Today is the day to show that tenacity to build a better society, to build a better Turkey, and to build a better world. On this road, we believe that we need every single piece of an idea to ensure the rights of every single one of us.

It was a pleasure to work with Nisa Öncel and Berin Emirođlu, such a visionary duo who created a fulfilling academic document to enlighten one of the biggest issues standing on the road to a better economy for all around the world, Money Laundering and Countering the Financing of Terrorism. There is no doubt that the only way to ensure peace globally, we must know the difference between clean money and dirty money. It is important to ensure the safety of individuals, so the governments must take action. For the future of next generations, we have to save the world from any type of financing of terrorism.

Sincerely,

Hüseyin Hikmet Findık

Secretary-General of TEDUTRAIN'21

Letter From the Co-Under-Secretary-General

Highly Esteemed Participants,

I am Nisa Öncel and it is my utmost honor to welcome you all to TEDUTRAIN'21. I am currently studying Business Administration at TED University and I will be serving as the Co-Under-Secretary-General of the United Nations Office on Drugs and Crime at this conference.

Our agenda item is money laundering and countering the financing of terrorism, which constitutes great importance since it is a topic that is standing in between the controversy of being considered a traditional crime, and a crime that emerged alongside the technological developments of the digital age. Tackling money laundering and the financing of terrorism necessitates having a comprehensive understanding of the aspects of illicit trafficking, international and political corruption, and transnational criminal organizations. It is an issue that requires the cooperation of states both domestically and internationally for being a cross-border crime that poses a threat to rule of law, democracy, human security, and developments of the states.

Delegates that will be participating are expected to read this guide thoroughly, plus, further their researches with the given references, along with the policies of their countries regarding the agenda item; and offer solutions during the conference.

Before ending this letter, I would like to thank my CO-USG Berin Emiroğlu for her wonderful cooperation and personality, and Secretary-General Mr. Hüseyin Hikmet Fındık for giving me a chance to be a part of this wonderful team and for his efforts.

In case you have questions or inquires, please do not hesitate to contact me via nisa.oncel@gmail.com. I am looking forward to your participation and I hope you have a remarkable experience in TEDUTRAIN'21.

Sincerely,

Nisa Öncel

Under-Secretary-General responsible for UNODC

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I. Introduction to the Committee

United Nations Office on Drugs and Crime (UNODC) was established as a result of the merging of United Nations Drug Control Program, and Crime Prevention and Criminal Justice Departments in United Nations Vienna Office, 1997, and incorporates the secretariat of the International Narcotics Control Board (INCB). UNODC has the aim of coordinating and comprehensively working on the prevention of illicit drug trafficking crimes, international terrorism, and political corruption with helping the United Nations in finding a solution and has long-term objectives of the office include maximizing globally shared information on drugs, crime, terrorism, and corruption among government agencies, and raising public awareness on these issues at global, national and social levels.

UNODC publishes a comprehensive report annually, about the international drug issues under the name of The World Drug Report, by collecting the data prepared by governments in order to identify and estimate the situation. Accordingly, 90% of the financing of the office is made up of voluntary contributions from governments, and it has 21 field offices and 2 communication offices located in Brussels and New York. The office is directed by an executive director who is appointed by the Secretary-General of the United Nations.

II. Expectations of the Academic Team

A. Why is this topic related to the committee?

United Nations Office on Drugs and Crime works on the legal aspects of countering the financing of terrorism.

According to UNODC, their aim is to *“assist the Member States in building their capacity, including through criminal justice reforms as appropriate, to respect the rule of law, as well as*

protect and ensure legal rights that individuals and groups enjoy under domestic and international law. In practice, the Office undertakes efforts to integrate a human rights-based approach in its work, which includes the conscious and systematic integration of human rights in all stages of the programming cycle- strategy setting, program development, resource mobilization, implementation and monitoring, and evaluation. This includes programming based on the principles of equality and non-discrimination, participation and inclusion, and accountability and the rule of law.”

The topic of money laundering is directly linked to legal aspects that the agenda of UNODC has since it involves the processes of certain regulations moreover, it is known that money laundering is often used to finance terrorism.

B. What does this sub-body eligible to do on the issue?

Similar to other General Assembly (GA) committees that United Nations accommodate, there are three steps to the decision-making process: debating, negotiating, and taking action.

C. What should be the approach throughout the solution?

The approach would be to seek to strengthen the already existing laws and regulations, to widen the domain of establishments, to consolidate the international solidity, and to approach the digital age problems with recent technological solutions. Answering the questions under the topic “Points Should be Discusses” of this study guide will lead a way.

Also, it is important to note that, the consensus is important since when a resolution is not legally binding, consensus implements agreement of all states.

D. The importance of sticking to state policies:

Similar to any other GA committees and discussions, sticking to state policies is the most efficient way towards a successful solution process. Without representing the state policies properly, the debate phase of the conference would be irrational. Upon seeking cooperation, knowing state policies will help delegates make the right decisions.

E. How should the delegates form the resolution?

The resolution that is expected from the committee should be inclusive of discussed solutions. While coming up with solutions it is important to keep the pieces of information up to date and solutions appropriate and comprehensive to globally and rapidly developing digital age issues.

Also, in order to have a better grasp of money laundering and the financing of terrorism issues, understanding the loopholes in regulations and the mindsets of the criminals make a significant difference. The committee should know the necessary information for the well-being of the debates. Further research with references on the topic is encouraged.

III. Introduction of the Topic: Money Laundering and Countering the Financing of Terrorism

A. Key Terminology

Air Loans: An air loan is a kind of home loan extortion that tries to benefit from clueless moneylenders. A home loan agent designs both a property and a borrower so as to win bogus benefits on finished advance exchanges. At the point when the advance definitely goes into default—which will occur, as nobody is really paying the home loan—the loaning bank loses

everything in light of the fact that the home it would regularly hold as insurance on which to dispossess does not exist. Air loans are named invented exchanges.ⁱ

Bootlegging: Also known as rum-running, bootlegging is the illegal business of smuggling alcohol. It is done to circumvent taxation or prohibition laws.

CEN Suite: The World Customs Organization (WCO) launched CEN in 2000, and it is *“conceived to assist the Customs enforcement community in gathering data and information for intelligence purposes.”*ⁱⁱ

Embezzlement: The crime of secretly taking money that is in your care or that belongs to an organization or business you work for.ⁱⁱⁱ

False Invoice: This is an invoice that does not relate to a real sale or payment and is used to get money dishonestly.

Foreign Bank Policies: A foreign bank office is a kind of foreign bank that is committed to following the guidelines of both the home and host nations. Since the foreign bank office has credit limits dependent on the all-out bank capital, they can give a larger number of advances than subsidiary banks. That is because the outside bank office, while potentially little in one market, is, in fact, part of a bigger bank. Subsequently, it appreciates the capital base of the bigger element.

Property Dealing: The National Land Code (NLC) has characterized land managing as “any exchange concerning distanced land affected under the forces by Division IV, and any like exchange affected under the arrangements of any past land law, however, does exclude any admonition or prohibitory request”.^{iv}

Non-Profit Organizations (NPOs): A non-profit organization is a group organized for purposes other than generating profit.^v

Shell Company: A company that does not itself do or own anything, but is used to hide the activities of another company of a person, sometimes illegal ones.^{vi}

B. Money Laundering

Money laundering is a criminal scheme that consists of the illegal process of concealing funds, misleading trace of transactions by making the money obtained appear to have a legitimate source, which is undertaken in order to generate substantial profit. Money laundering has global characteristics that commit in certain circumstances, sequences, and arrangements. Money obtained through illegal acts such as but not limited to narcotics trafficking, extortion, tax violation, embezzlement, illegal gambling, computer fraud, cybercrimes, and unauthorized arms sales; is laundered with the provision of services and/or products, such as but not limited to financial services, business relationships e.g. banking, fiduciary; and is causing large amounts of money loss around the world every year.

“The International Monetary Fund has stated that the aggregate size of money laundering in the world could be somewhere between 2 and 5 percent of the world's Gross Domestic Product. Using statistics from 1996, these percentages would indicate that money laundering ranged between US.\$590 billion and US.\$1.5 trillion (Financial Action Task Force, Organization for Economic Cooperation and Development, 1999). Walker (1995) estimated worldwide money laundering at \$2.85 trillion”.^{vii}

Integrity is the most important element in financial services and depends on ethical standards accepted within its professional framework. For an institution to fund, support, allow or ignore a criminal activity, it leads the institution to internal corruption and reputational damage. Money laundering also adversely affects economic growth by damaging the productivity of the country.

“Money laundering reduces productivity in the economy's real sector by diverting resources and encouraging crime and corruption, which slow economic growth; distorts the economy's external sector international trade and capital flows (reputational damage & market distortion) to the detriment of long-term economic development.”^{viii}

Thus, effectively combating money laundering which can also be used to disguise terrorist financing, is of crucial importance for both the lasting economic development, protecting the ethical legal framework of financial systems, and fighting crime.

C. Countering the Financing of Terrorism

Terrorism is the actions made, randomly, to create chaos in the whole population. It can be used for political or religious purposes. The terms “terrorist” and “terrorism” originated during the French Revolution but gained mainstream popularity in the 1970s. The United Nations General Assembly defines terrorism as:

“Criminal acts intended or calculated to provoke a state of terror in the general public, a group of persons or particular persons for political purposes are in any circumstance unjustifiable, whatever the considerations of a political,

philosophical, ideological, racial, ethnic, religious or any other nature that may be invoked to justify them."^{ix}

In all forms, terrorism and acts of terrorism, possess a serious threat to security and peace internationally, therefore it is considered a criminal offense to support through any means such as but not limited to funding. Therefore, types of terrorism can be considered as civil disorder, political terrorism, non-political terrorism, quasi-terrorism, limited political terrorism, and official or state terrorism.

To generate funds for activities is a must for terrorist activities, which procures a need for legal and illegal fund generating, with money laundering being one of the most called upon the illegal resort. Through money laundering, acts of terrorism are supported by criminals. By preventing the flow of money to terrorist groups, the magnitude of their movements is restricted, making combat in finance, a key to counter-terrorism.

In the age of information and technology, like everything else, methods of financing terrorism are also globally developing. Traditional methods are replaced by new and recondite methods, making the acts hard to recognize. Traditional methods include trade-based money-laundering, which is based on falsifying invoices, or using cash couriers while the examples of new approaches are made through anonymous digital payment systems, incapacitating the money to be traced back to the sources. With digital payment systems, large amounts of money are introduced to the financial system with remote access, which enables the transactions to be made easily despite the geographical distance between parties. Considering these new methods, it is under broad daylight that a traditional effort in combating terrorism is inadequate.

To combat the financing of terrorism, a deep understanding and comprehensive analysis of terrorism, global finance, and law are needed, for which international efforts are brought together. UN Security Council adopted resolutions to address the financing of terrorism, expressing its concern about the flow of funds to terrorists. In the Resolution on the financing of terrorist acts 2462, it is stated that,

“Further noting with grave concern that terrorists, including foreign terrorist fighters, and terrorist groups may move and transfer funds, including through financial institutions, abuse of legitimate businesses and non-profit organizations, including as front businesses and organizations and cash-couriers, as well as through the use of emerging payment methods, such as prepaid cards and mobile -payments or virtual-assets”^x

Moreover, the UN Global Counter-Terrorism Strategy was adopted and is kept up to date through reviewing biannually, by the UN General Assembly. Furthermore, it is stated by the European Commission that countering the financing of terrorism is *“a core component of the European Agenda on Security”^{xi}*. In 2005, the council adopted the strategy which prioritizes the strengthening of cooperation between countries and international institutes in order to provide more enhanced information exchange and to deprive terrorists of any kind of support which requires an international concurrence. The strategy consists of four layers which are to *“prevent, protect, pursue, respond”^{xii}*.

D. Establishments

The first international convention that criminalizes money laundering is the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

At the point of international establishments, the main establishments for the struggle against money laundering are Financial Action Task Force-FATF. Additionally, there is another working group established for effective, fast, and reliable data exchange, which is known as Egmont Group.

1. Financial Action Task Force-FATF

At the Paris July 1989 meeting of the G-7 Countries Heads of State and Government, it was concluded that there was a need to take urgent and effective steps to effectively combat drug production, trade and consumption, and the laundering of revenues from these crimes. In order to respond to this need, it was decided to create a task force, and FATF was created as a result of this decision. Apart from Canada, France, Germany, Italy, Japan, the UK, and the European Communities Commission which attended the 1989 summit, Austria, Australia, Belgium, Luxembourg, the Netherlands, Spain, Sweden, and Switzerland were also invited to participate.^{xiii}

In 1990, 40 recommendations were made to combat money laundering, and at the same time, it has been agreed that all The Organization for Economic Co-operation and Development (OECD) and financial center countries can be members of this formation. Today, the number of FATF members is 33, including the European Commission and the Gulf Cooperation. FATF has set serious criteria for admitting new members and encouraged the creation of FATF-like regional bodies (FATF Style Regional Bodies-FSRBs) instead of expansion.^{xiv}

While 40 recommendations were created by the FATF to combat money laundering, Vienna Convention was used to a great extent. But, unlike the approach in the Vienna Convention to combat money laundering, “the criminalization of laundering actions” was not considered sufficient enough by FATF.

Besides, FATF has also demonstrated the necessity to apply many preventive measures.

Therefore, 40 recommendations by the FATF focuses on three main areas that are:

- “1. Strengthening the legal systems of countries in terms of combating money laundering;
2. Increasing the role of the financial system in combating money laundering;
3. Developing international cooperation.”^{xv}

40 recommendations prepared in 1990 were later revised, taking into account the new developments in laundering in 1996 and 2003 and examples of good practice. Prominent measures within the scope of anti-money laundering are customer recognition, record keeping and archiving, and suspicious transaction reporting obligations.

Before the events of September 11, 2001, the issue of financing terrorism was not on the agenda of the FATF. However, after the events, 15 European Union member states called for expanding the mandate of FATF to cover the financing of terrorism.^{xvi} Similarly, G-7 Finance Ministers called on FATF to create specific recommendations on financing terrorism. Upon this, “Special Recommendation” was added in addition to 40 recommendations. Today, the number of special recommendations is 9, and the “40 + 9 referral statement” is used for all recommendations.

FATF has become a standard-setting body for money laundering and terrorist financing. Both FATF member countries and FSRBs, IMF, and the World Bank consider 40 + 9 recommendations and methodology prepared by FATF as a basic reference and assessment tool to combat money laundering and terrorist financing. Country legislations, preventive measures, and international cooperations are shaped by advice and methodology.

It has created an effective tracking system for compliance with the standards prepared by FATF and the methodology related to the implementation of these standards. Member countries of FATF and FSRBs are periodically subjected to an evaluation called mutual evaluation, and the mutual evaluation report is discussed and accepted at the FATF general assemblies held three times a year.^{xvii} As a result of the evaluation, effectiveness is provided with the follow-up processes envisaged to eliminate deficiencies. In case the deficiency is not remedied, countries are evaluated in the category of non-cooperating countries. Non-Cooperative Countries or Territories (NCCT) are added to the NCCT list by FATF, and these countries or regions are forced to make progress in combating money laundering and terrorist financing. As of March 2007, no country or region was included in the NCCT list covering Myanmar and Nigeria.^{xviii} Also, in order to prevent countries or regions that are not members of FATF or FSRBs from being a risk factor for money laundering and terrorist financing, an international cooperation monitoring group (International Cooperation Review Group-ICRG) was created.

2. Egmont Group

The main purpose of the Egmont Group, which was formed by the meeting of 24 countries and 8 international organizations in Brussels on June 9, 1995, is to help the development of the anti-money laundering systems of countries and to eliminate the barriers to laundering international information exchange.^{xix}

Information exchanges between Egmont Group member countries are carried out through the Financial Intelligence Units (FIU) of the countries. The financial intelligence unit is defined by Egmont as follows:

“Central national unit responsible for collecting, analyzing and referring notifications to revenues suspected of a crime and financial information required by national legislation and regulations to combat money laundering and terrorist financing.”^{xx}

Also, Egmont Security Network (Egmont Secure Web-ESW) is the computer network system that has been established for fast, systematic, and secure information exchange between financial intelligence units. This system, which started operating in 1997, is only available to financial intelligence units included in the network. Thanks to this network, financial intelligence units share intelligence information with the intelligence units of other countries quickly and reliably. ESW also provides FIUs with access to other country legislation and typologies. In addition, a memorandum of understanding (Memorandum of Understanding-MOU) is signed, aiming at a systematic exchange of information between the FIUs of countries. Currently, 101 countries are members of the Egmont Group.

IV. Historical Background

A. General Overview

Throughout the history of crime, it is known that the process of making illegally obtained funds appear clean was used by merchants and pirates to hide their money from tax collectors or distort the source of money. Moreover, the origins of the term “money laundering” date back to the 1920s and 1930s, when crime gangs were first documented to be falsifying or distorting their illicit sources of money. Al Capone, who was an American criminal that was suspected to have earned billions of US dollars from illegal gambling, bootlegging, extortion, and operating brothels was a part of the criminal actions that procreated the term money laundering, which included the usage of laundromats. Capone and his associates had detected to had hidden

illicit money through processes that would be difficult for law enforcement to keep tabs on. Cash-only laundromats were one of the businesses that are ultimate ownership could not be proven. The money that Al Capone was suspected to have earned from the aforementioned criminal acts could never be found, and due to the fact that money laundering was not officially recognized as a federal crime in the United States until 1986, Al Capone was convicted by a related crime: tax evasion.

Meyer Lansky “Mob’s accountant”, managed to “develop a significant gambling empire that stretched across the US to Cuba. He was able to successfully utilize casinos and race tracks to place and launder criminal money for the mob.” and cultivate “more sophisticated methods involving financial institutions subsequently evolved as the financial services industry grew and globalized.”^{xxi} Lansky was known for laundering money by building transnational networks and moving the illegally obtained money offshore. He prospered the technique of disguising illegal money through compliant foreign banks and their providing of loans, causing the transnational money laundering systems to become popular.

Around the 1970s, crimes that generate great amounts of earnings, where there was no direct harm to an identifiable victim such as commercial, financial, or environmental offenses, broke out. The criminal justice system was mainly accustomed to traditional forms of confiscation that are the forfeiture of the subjects, instruments, results of the crime, not the proceedings. Therefore United Nations took action with the 1988 UN Convention against Illicit Traffic in Narcotic and Psychotropic Substances^{xxii} and the 1990 Council of Europe Convention on Laundering, search, seizure, and confiscation.^{xxiii}

September 11, 2001, is considered a turning point for the measures that are taken to counter terrorism not only for the United States but globally and for World Trade Center specifically.^{xxiv}

Money laundering regulations have increased, existing laws are ratified, punishments against terrorist activities and financing such activities, which is evaluated under the same title as terrorist activities, are aggravated.^{xxv}

Another turning point for money laundering is the technological developments that assist criminals to launder profits.^{xxvi} With the developing technology, prepaid card system, internet payment services, and mobile payment services, users are exposed to a wide variety of vulnerabilities that can be used for money laundering. Many third-party payment service providers render it possible to shop online, make bank and money transfers. Anonymous accounts in cash payments and transfers are also allowed.

Diversely, technology is also in benefit of increasing anti-money laundering efficiency and quality as well as preventing, detecting, and recovering the proceeds of criminal activity. Artificial Intelligence is further taken advantage of, as fast crime tacklers, that are triggered by suspicious activities, for example, certain amounts of transactions providing false amounts of profits and function by tracing the original sources of illegal activities.

B. Typical Money Laundering Schemes

1. Stages of Money Laundering

The money gained from illegal actions considered is as “dirty” and needs to be “cleaned” so that it would appear to be gained from legal activities, with that banks and other financial organizations will deal with it without any suspicions. In order to counter money laundering, it is important to first understand how it is done, and by dividing this process it is possible to come up with solutions that would prevent money laundering regardless of the stage. Money laundering is a process that goes through three main stages which are placement, layering,

and integration stages. The placement stage represents the first entry of the illegally obtained money into the financial system. Since it is very risky to keep considerable amounts of illegal money at hand, either the cash is moved from its source or its source is disguised, as the first step to be taken. The process of this stage is carried out by various methods of transport that provide circulation that is needed to lose track of the dirty money as well as financing of terrorism. These methods are referred to as “typologies” in the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) context.^{xxvii}

Placement stage typologies are currency smuggling, bank complicity, currency exchanges, securities brokers, the blending of funds, gambling, and asset purchase. Currency smuggling is a typology where the currency is transported out of the country without a trail. Bank complicity occurs when a bank or another financial institution that is controlled by an individual who is willing to cooperate with criminals, is used to circulate the illegally obtained money, and it is considered as one of the inefficient outcomes of the liberalization of the financial sector without implementing sufficient inspection systems.^{xxviii} Currency exchange is another outcome of complete liberalization without checks, and it is possible in transitional economies where foreign exchange markets administer as comfortable places to move. Securities brokers are also called financial services sale agents, and they make advice on financial investments, arrange to exchange on behalf of their customers. Securities brokers can also ease the money laundering process by misleading or disguising the original source of funds, taking a “clearing member” role in the money laundering stages. The blending of funds allows hiding illegally obtained cash among a lot of legal cash. Another alternative for the blending of funds is shell companies, also known as front companies, that allow illegal activities to seem legal by being a vehicle for laundering. The purchase of gambling chips or placing bets is also used to avoid suspicion when laundering money. The purchase of assets is

the most used method among placement methods therefore it is considered as a “classical” money laundering method. It is the changing of the value from money to something else such as but not limited to gems, art or luxury goods, and vehicles.

The placement stage is followed by the layering stage in which it is made more difficult to detect a laundering activity. First, the illegal funds are electronically provided transactions from one country to another, second, it is divided into investments and the investments are constantly moved. The cash that was placed into the financial system is converted into monetary instruments or the material assets that are bought at the placement stage are resold regionally or abroad. Both of the methods are used to make law enforcement agencies lose the trail.

After the layering stage comes the final stage that is the integration stage where the previously laundered money appears to be legal earnings, is moved to the economy. The major objective of this stage is to reunite the illegal profits and the criminal while avoiding suspicion. The known typologies of the integration stage are property dealing, front companies and false loans, foreign bank complicity, and false import/export invoices. Property dealing is one of the most often encountered practices. For the criminal to enjoy the illegal profit, high-end automobiles, property, or such purchases to be made, is a common integration encountered. Front companies are used for laundering processes to appear legitimate since, through false transactions and loans, criminals launder money easily. Also, the tax liability is reduced by showing expenses as business expenses. Using a foreign bank to launder money requires a more complex and layered process, and it provides protection from law enforcement scrutiny through banking laws under the regulation of a sovereign government which presents a high

hazard technically and politically. False import/export invoicing is based on overvaluation with falsifying while entering the valuations of documents and justifying illegal proceeds.

2. Impacts

Successfully laundering money on the socio-cultural end of the spectrum implies that criminal acts will pay off. Such performance enables actors to perpetuate their fraudulent activities because without penalties they get to invest the benefit. This includes more bribery, more financial embezzlement (which implies more employees lose their jobs when the company collapses), more street drugs, more drug-related crime, law enforcement budgets going throughout their reach, and a general lack of confidence on the part of legitimate business owners who cannot commit crimes and make nearly the profits the criminals do.

The economic impacts are larger in scope. Developing countries usually carry the vigor of recent secrecy as a consequence of authorities still being able to create laws for their recently privatized economic fields. During the 1990s, numerous banks in the emerging Baltic States were overtaken by massive, recorded pillage deposits. Bank clients continued to steal their own safe cash if the banks were under fire and depleted their benefits, and as a result, the banks collapsed. Alternate main issues affecting the economies of the world entail economic failures arising from artificially depressed monetary markets. Terrific capital outflows of illegal money into specific sectors of the economy that fascinate money launderers contain false demand, and officers continue to behave upon this new demand through policy adjustment.

Once the method of laundering achieves a particular aim, or when law enforcement agents begin to show concern, all that cash will suddenly disappear without any economic reason whatsoever the monetary system will break apart. Also, since laundered cash is sometimes

tax-free, this ultimately means the remaining people should frame the revenue loss. Therefore, legal small businesses can not compete with front-end cash-laundering companies that can afford to sell a product cheaply.

As for the economic consequences of money laundering, privatization serves as a tool for illegal activities. The private sector undergoes economic distortions, decreasing the overall productivity, and causing an inconstancy in exchange rates and capital flows.

“As for the potential negative macroeconomic consequences of unchecked money laundering, one can cite inexplicable changes in money demand, prudential risks to bank soundness, contamination effects on legal financial transactions, and increased volatility of international capital flows and exchange rates due to unanticipated cross-border asset transfers.”^{xxix}

Since the transaction between parties is not traceable, governments cannot collect tax revenue which leads to a reduction in tax revenue for the government of the country. Additionally, the socio-economic consequences of money laundering possess a risk for society, democracy, and law as a whole, threatening the natural flow of financial systems; enabling and rewarding corruption in the process.

In general, many prosecutions around the world are concentrated on two major money laundering industries: drug trafficking and terrorist organizations.

C. Trends in Terrorist Financing

When looked into the activities of terrorism from the period after the Second World War, the period that the level of violence caused by the acts of terrorism increased drastically, especially in Western Europe due to external forces, and it is apparent a pattern is present. In

some countries, the frequency of terrorist activity occurrence is higher. As a sample, the rate of attacks in Spain and the United Kingdom is higher than in Norway and their neighbor Nordic countries.^{xxx} The reason for such occurrence lies within the roots of terrorism which has socio-economic, structural, and political factors.

Tracking the diversity of terrorist activities among countries requires investigation. For such an investigation of terrorism, a basis of information is needed: data and evidence. To be used for such a basis, there is a collection of data regarding domestic terrorism from 1950 to 1955 called Terrorism in Western Europe: Events Data (TWEED). TWEED contains information that excludes international terrorism data, and such sources of data are used to determine the trends and patterns in terrorism, providing a statistical basis in the way of eliminating and combating terrorism.^{xxxii}

For any and all kinds of terrorist activities that involve a violation, a fund is necessary. Terrorists use legal and illegal income sources, which affect their operational tempo and scope. It is known that the formal financial sector, the trade sector, cash couriers, alternative remittance systems, and the use of charities and non-profit organizations (NPOs) are among the popular income sources to terrorists.^{xxxiii}

According to the 2019 report of FATF on Money laundering and terrorist financing risks, NPOs and their networks are exploited and misused in five different ways:

- *“diversion of donations through affiliated individuals to terrorist organizations;*
- *the exploitation of some NPO authorities for the sake of a terrorist organization;*
- *abuse of programming/program delivery to support the terrorist organization;*
- *support for recruitment into terrorist organizations and*

- *the creation of 'false representation and sham NPOs' through misrepresentation/fraud".^{xxxiii}*

For other activities to generate funds, smuggling of goods, selling of cultural artifacts, illicit tobacco trade, bank robberies, credit card fraud, and kidnapping for ransom are viable options. To access these illegally generated funds, movement is required. The report of FATF on terrorist financing typologies is as followed:

"There are three main methods by which terrorists move money or transfer value. The first is through the use of the financial system, the second involves the physical movement of money (for example, through the use of cash couriers) and the third is through the international trade system."^{xxxiv}

As a way of moving and transferring the money while also falsifying the source of those incomes, money laundering is considered a trend in the financing of terrorism to be used in operational support. As a sample, the report of FATF includes the following scheme:

"According to an Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) member, used car dealerships imported cars from countries such as the United Kingdom, Japan, and Singapore and generated revenue from the sale of these cars as part of a complex money-laundering scheme, which was then funneled to terrorist groups. The owners of those car dealerships were from areas with a high risk of terrorism."^{xxxv}

The banking sector is the leading sector in money laundering trends due to its speed, ease, scope, and integration with the international financial system. It also allows admission to cash through Automated Teller Machine (ATM) withdrawals that can be made from overseas bank

ATMs. Moreover, remittance allows transfers to be made cross-border where admissions to banking services are not regulated. Terror organizations sympathizers, Foreign Terrorist Fighters (FTFs), social media, new payment products and services, and the exploitation of natural resources are new trends that have not been subject to an in-depth TF study by the FATF.^{xxxvi}

Offshore destined banks are less interested in sharing data or any kinds of information with other countries and their law enforcement investigations, which result in very slow responses from the authorities of those banks, and if there is a case where a chain of offshore destinations are set up by a criminal, the responses will be even slower.

For the new trends in money laundering, new payment products and services (NPPS), virtual currencies, and prepaid cards have evolved as a result of technological developments. As a sample bitcoin is used as the chance by many terrorist organizations due to its providing anonymity and low volatility; and also debit cards are able to participate in the payment network. As another sample, PayPal which is an online payment system is observed to have been used by terrorist suspects.^{xxxvii}

Companies can administer data to authorities under a court order such as activation date, cardholders given information (if there are any), transaction activities, time location, and IP addresses used to log in.^{xxxviii}

In addition, money launderers are known to move illicit money in cash to fund terrorist organizations via refugees or other cash couriers through the outside of the financial system, although this method is not considered a 'trend' in terrorist financing due to its high risks of theft and/or costs.

D. Bloc Positions

1. General Overview

2017 Anti-Money Laundering Index assessed 146 countries and results are:

- *“The average country risk level has been deteriorating over the last three years. (The global average risk scores were 5.82 in 2015 and 5.85 in 2016, the average risk score this year is equal to 6.15 (on a scale of 0=low risk to 10=high risk)*
- *The 10 countries with the highest AML risk are Iran, Afghanistan, Guinea-Bissau, Tajikistan, Laos, Mozambique, Mali, Uganda, Cambodia and Tanzania.*
- *The three lowest risk countries are the same as last year: Finland, followed by Lithuania and Estonia.*
- *The greatest improvements since 2016 have been made by Sudan, Taiwan (China), Israel and Bangladesh.*
- *The countries that deteriorated most severely in their scores in 2017 are Jamaica, Tunisia, Hungary, Uzbekistan, and Peru.”^{xxxix}*

FATF had blacklisted North Korea and Iran for terrorism financing and greylisted 12 countries that are Pakistan, Bahamas, Botswana Cambodia, Ghana, Iceland, Mongolia, Panama, Syria Trinidad and Tobago, Yemen, and Zimbabwe regarding the supplement of funds and lack of enforcement.

The density of the deaths from terrorist attacks by region according to Global Terrorism Database (2018), goes as the following order: the Middle East, North Africa, South Asia, Sub-Saharan Africa, Southeast Asia, North America, Eastern Europe, South America, Western Europe, East Asia, Central Asia, Australasia&Ocenia, Central America&Caribbean.

Turkey showed their sensitivity to the awareness of the struggle by confirming the basic contracts, making legal arrangements in accordance with these contracts in the country, creating a financial intelligence unit, and joining the FATF and Egmont Group. Especially with Law No. 5549 on the Prevention of Laundering of Crime Revenues, which entered into force on October 18, 2006, and secondary regulations to be issued based on this Law, further steps have been taken to comply with international standards regarding the laundering of crime revenues. The financial intelligence unit of Turkey is the Financial Crimes Investigation Board (MASAK), which works according to the provisions of Law No. 5549; the Prevention of Laundering Proceeds of Crime Proceeds, and MASAK previously obtained authorization for this function from Law No. 4208. It has been accepted for membership of Egmont Group in June 1998, and also benefits from the information sharing and communication functions of the secure network by including ESW in May 2001.

2. Some Examples of Recent Terrorist Incidents (2000-2019)

- September 11, 2001, Deaths: 2,995, Location: United States

The September 11 assaults (additionally alluded to as 9/11) were a progression of four facilitated fear-based oppressor assaults by the Islamic psychological militant gathering al-Qaeda against the United States on the morning of Tuesday, September 11, 2001. The assaults brought about 2,977 unfortunate casualty fatalities, more than 25,000 woundeds, and caused in any event \$10 billion in foundation and property damage. Additional individuals have passed on of 9/11-related malignancy and respiratory infections in the months and years following the assaults.

Four traveler aircraft worked by two significant U.S. traveler air transporters (United Airlines and American Airlines)- all of which left from air terminals in the north-eastern United States destined for San Francisco and Los Angeles—were seized by 19 al-Qaeda psychological oppressors. Two of the planes, American Airlines Flight 11 and United Airlines Flight 175, were collided with the North and South towers, individually, of the World Trade Center complex in Lower Manhattan. Inside an hour and 42 minutes, both 110-story towers fell. Flotsam and jetsam and the subsequent flames caused an incomplete or finished breakdown of every other structure in the World Trade Center complex, including the 47-story 7 World Trade Center pinnacle, just as huge harm to ten other enormous encompassing structures. A third plane, American Airlines Flight 77, was collided with the Pentagon (the home office of the U.S. Branch of Defense) in Arlington County, Virginia, which prompted an incomplete breakdown of the west side of the structure. The fourth plane, United Airlines Flight 93, was at first flown toward Washington, D.C., yet collided with a field in Stonycreek Township close to Shanksville, Pennsylvania after its travelers obstructed the criminals. 9/11 is the single deadliest fear-based oppressor assault in the history of humanity and the single deadliest occurrence for firemen and law requirement officials throughout the entire existence of the United States, with 343 and 72 executed, respectively.

- Yazidi Communities Bombings, 2007, Deaths: 795+, Location: Iraq

The 2007 Yazidi communities group bombings happened on August 14, 2007, when four facilitated suicide bomb assaults exploded in the Yazidi towns of Til Ezer (al-Qahtaniyah) and Siba Sheik Khidir (al-Jazirah), close to Mosul in Iraq.

796 individuals were executed and, in any event, 1,500 individuals were injured, making this the most savage vehicle bomb assault of the Iraq War. It is likewise the third deadliest

demonstration of fear-based oppression ever, following behind the 2014 Camp Speicher slaughter in Iraq, and the September 11 assaults in the United States. No gathering asserted obligation regarding the assault.

- Christmas Massacres, 2008, Deaths: 860+, Location: the Democratic Republic of the Congo

The Lord's Resistance Army (LRA) ambushes followed the beginning of a joint military strategy on December 14, driven by the Ugandan furnished power with assistance from the Congolese, Southern Sudanese, and the Central African Republic military. The Ugandan outfitted power attacked the LRA headquarters in the Garamba National Park of Congo, near the edge of Sudan.

Following this ambush, the LRA dissipated into a couple of social events, all of which centered standard residents along its way. The mavericks finished the most pulverizing of their ambushes from December 24, holding up until people had gotten together for Christmas time, by then incorporating and executing them by beating their skulls with tomahawks, blades, and colossal wooden bats. Media reports indicated that more than 620 people were killed, an enormous number of them hacked into pieces, executed, or devoured alive in their homes.

More than 20,000 people were represented to have been unstuck by the ambushes, and on any occasion, 20 youths were taken by the LRA. The United Nations High Commissioner for Refugees (UNHCR) definite that as many as 225 people, including 160 children, may have been grabbed and more than 80 women ambushed.

- Baga Massacre, 2015, Deaths: 150-2000, Location: Nigeria

The 2015 Baga slaughter was a progression of mass killings by the Boko Haram fear-based oppressor bunch in the north-eastern Nigerian town of Baga and its environs, in the province of Borno, between January 3, and January 7, 2015.

The assault started on January 3, when Boko Haram overran an army installation that was the central station of the Multinational Joint Task Force containing troops from Chad, Niger, and Nigeria. The aggressors at that point constrained a large number of local people from the district and submitted mass killings that finished on the seventh.

Fatalities have been accounted for to be “overwhelming” yet their degree is vague. Western news sources announced that “more than 2,000” individuals are suspected to have been slaughtered or “unaccounted for”, however nearby media detailed “in any event a hundred” fatalities, while the Nigerian Ministry of Defense said that close to 150 individuals altogether had been executed, including activists. A few government authorities denied that the fatalities were as broad as announced, with some, in any event, asserting that the slaughter had never occurred or that the Nigerian military had repulsed the aggressors from the district, a case that was invalidated by nearby authorities, survivors, and the universal media.

- Paris Attacks, 2015, Deaths: 137, Location: France

The November 2015 Paris assaults were a progression of composed fear-based oppressor assaults that occurred on November 13, 2015, in Paris, France, in the northern suburb of the city, Saint-Denis. Starting at 21:16 CET, three suicide aircraft struck outside the Stade de France in Saint-Denis, during a football coordinate. This was trailed by a few mass shootings and a suicide bombarding, at bistros and cafés. Shooters did another mass shooting and took prisoners at an Eagles of Death Metal show in the Bataclan theatre, prompting a showdown with police. The aggressors were shot or exploded when police attacked the theatre.

The aggressors executed 130 individuals, including 90 at the Bataclan theatre. The assaults were the deadliest in France since the Second World War and the deadliest in the European Union since the Madrid train bombings in 2004. France had been on high caution since the January 2015 assaults on Charlie Hebdo workplaces and a Jewish store in Paris that murdered 17 individuals and injured 22, including regular people and cops.

The Islamic State of Iraq and the Levant (ISIL) guaranteed duty regarding the assaults, saying that it was counter to the French airstrikes on ISIL focuses in Syria and Iraq. The President of France at that point, François Hollande, said the assaults were a demonstration of war by ISIL. The assaults were arranged in Syria and sorted out by a psychological oppressor cell situated in Belgium. A large portion of the Paris assailants had French or Belgian citizenship, two were Iraqis, and some had battled in Syria.

- Ankara Bombing, 2015, Deaths:109, Location: Turkey

On October 10, 2015, in Ankara, the capital city of Turkey, two bombs were exploded outside Ankara Central railroad station. With a loss of life of 109 and harmed 500 individuals, the assault outperformed the 2013 Reyhanlı bombings as the deadliest dread assault in present-day Turkish history.

The bombs seemed to focus on the Work, Peace and Democracy Rally sorted out by the Confederation of Progressive Trade Unions of Turkey (DİSK), the Union of Chambers of Turkish Engineers and Architects (TMMOB), the Peoples' Democratic Party (HDP), the Turkish Medical Association (TTB) and the Confederation of Public Workers' Unions (KESK). The harmony walk was held to challenge the developing clash between the Turkish Armed Forces and the Kurdistan Workers' Party (PKK), and the occurrence happened 21 days before the booked November 1 general political election.

The administering Justice and Development Party (AKP), the opposition Republican People's Party (CHP), and the Nationalist Movement Party (MHP) censured the assault and considered it an endeavor to cause division inside Turkey. CHP and MHP pioneers intensely censured the administration for the security disappointment, though HDP legitimately accused the AKP government of the bombings. Different ideological groups wound up dropping their political races while three days of national grieving were proclaimed by Prime Minister Ahmet Davutoğlu.

No association has ever asserted duty regarding the assault. The Ankara Attorney General expressed that they were researching the chance of two instances of suicide bombings. On October 19, one of the two suicide aircraft was authoritatively recognized as the more youthful sibling of the culprit of the Suruç shelling; the two siblings have associated connections to the Islamic State with Iraq and the Levant (ISIL) and the ISIL subsidiary Dokumacılar gathering.

- Suicide Truck Bombing Mogadishu, 2017, Deaths: 587, Location: Somalia

On October 14, 2017, two truck bombings occurred in Mogadishu, the capital of Somalia, slaughtering in any event 587 individuals and harming 316 others. Practically the entirety of the setbacks was brought about by one of the trucks, which exploded when the driver, while endeavoring to escape from security authorities, slammed through a boundary and detonated in the Hodan District. The proposed focus of the assault is accepted to have been a safe compound lodging global offices and troops. The subsequent shoot happened near to, murdering two individuals, and a third explosives-loaded truck was caught by police.

In spite of the fact that no association guaranteed duty, authorities expressed that a key individual from the cell let them know, Islamist gathering, Al-Shabaab was capable.

The assault is the deadliest in the history of Somalia, outperforming the 2011 Mogadishu bombing that executed 100 individuals, and the deadliest besieging in Africa. It is likewise the third deadliest fear monger besieging assault and the sixth deadliest demonstration of psychological oppression in present-day history, outperformed uniquely by the 1990 slaughter of Sri Lankan Police officials in Sri Lanka, the 2008 Christmas slaughters in the Democratic Republic of the Congo, 2007 Yazidi people group bombings, the 2014 Camp Speicher slaughter in Iraq, and the September 11 assaults in the United States. In light of the bombings, Somali president Mohamed Abdullahi Mohamed pronounced three days of grieving.

- Sri Lanka Easter Bombings, 2019, Deaths: 258, Location: Sri Lanka

On April 21, 2019, Easter Sunday, three houses of worship in Sri Lanka and three lavish lodgings in the business capital, Colombo, were focused on a progression of composed Islamic psychological militant suicide bombings. Soon thereafter, there were littler blasts at a lodging complex in Dematagoda and a visitor house in Dehiwala. 259 individuals were murdered, including at any rate 45 outside nationals and 3 cops, and in any event, 500 were harmed. The congregation bombings were completed during Easter administrations in Negombo, Batticaloa, and Colombo; the inns that were shelled were the Shangri-La, Cinnamon Grand, Kingsbury, and Tropical Inn. As indicated by the State Intelligence Service, the second flood of assaults was additionally arranged yet was halted because of government strikes.

As per Sri Lankan government authorities, every one of the seven of the suicide planes in the assaults was Sri Lankan residents related to National Thowheeth Jama'ath, a nearby activist Islamist bunch with suspected remote ties, recently known for assaults against Buddhists and Sufis. State Minister of Defense Ruwan Wijewardene said in parliament on April 23 that the

administration accepted the assault was in reprisal for the assault against Muslims in Christchurch on March 15, 2019.

V. Involvement of Money Laundering and Financing of Terrorism

A. General Overview

Money Laundering is used by criminal organizations to withdraw legitimate-appearing funds, in order to finance terrorist acts. Similarly, terrorist organizations depend on money hiding and laundering techniques, especially to hide their goal and purpose. Tracking and/or foreclosing money laundering as financing activities of terrorism is highly effective when determining, identifying, and combating terrorist organizations.

One of the main factors of the challenge of tracking and/or foreclosing the financing of terrorism is the weakness of money laundering laws. As stated before, money laundering is a three-layered process nevertheless, there is a pre-stage where criminals seek the weakest points in-laws and regulations, listing the most inefficient law holder country and/or institution.^{xi} The core of the problem with laws and regulations is that the activity or work itself may not be illegal. For example, the work done by a person who offers a specific service without a specified diploma on that service is not a crime but rather, it is against the law to provide this service without the necessary conditions. It applies to the sale of alcoholic beverages to minors. Even if the workplace in question has the license to sell alcoholic beverages, it is forbidden to sell drinks to minors. What laws and regulations fail to cover is at the point where the actions of criminal organizations are considered legal, but not the purpose of actions.

Another problem of tackling the financing of terrorism is the development and the increased usage of telecommunication technologies which complicates the process of controlling every financial input and output, therefore serving in favor of launderers. As another major issue when tackling such terrorist activities, the customer privacy principle poses an obstacle.

For mentioned issues and further, FATF published recommendations with global cooperation that include:

- *“Ratifying and implementing UN instruments,*
- *Criminalizing the financing of terrorism, terrorist acts, and terrorist organizations,*
- *Freezing and confiscating terrorist assets,*
- *Reporting suspicious transactions relating to terrorism,*
- *Cooperating with other states,*
- *Implementing the recommendations regarding special value transfer systems such as black market peso Exchange, hawala or hundi systems,*
- *Wire transfers,*
- *Reviewing the legal regimes of non-profit organizations.”^{xli}*

Preventive measures are mostly prioritized, and by reason of preventive measures, it is possible to discourage potential criminals from committing crimes.

B. Similarities and Differences

The distinction between money laundering and the financing of terrorism is that, for money laundering, funds are proceeds of illegal activities or criminal conduct and the financing of terrorism sources of funds can be legitimate as well as illicit. The most important difference is, the primary motivation for terrorism is not financial where the goal of money laundering is financial.^{xlii} In short, the intended usage of the sources of funds, their destination, and their origins are the main differences between money laundering and the financing of terrorism. Accordingly, while one focus is on the source (money laundering), another focus is on the use of funds (terrorist financing).

Although financing of terrorism and the financing of money laundering differ from each other they are similar in exploiting the weaknesses and proneness of crime in the financial system. Also, the offenses of money laundering and the financing of terrorism are dealt with under the same preventive measures in criminal justice since both of the offenses are based upon the features of secrecy and mobility.

Money laundering can be carried out together with the financing of terrorism in order for terrorist organizations to be in access to laundered funds. The cycle of these offenses is as the following: from a source of offense money is taken and then moved into a proceed, and after laundering the money is taken and used for activities of terrorism.

VI. Previous Resolutions

UN Security Council Resolution 1617 (2005) underlines the significance of the recommendations made by FATF,

“...Strongly urges all Member States to implement the comprehensive, international standards embodied in the Financial Action Task Force’s (FATF) Forty Recommendations on Money Laundering and the FATF Nine Special Recommendations on Terrorist Financing;”^{xliii}

UN General Assembly Resolution 60/288 (September 2006) clearly states that terrorism of all kinds is unacceptable and builds a collective approach to combat terrorism. This resolution also hosts the agreement of all Member States to a common approach.

“We, the States Members of the United Nations, resolve:

1. To consistently, unequivocally and strongly condemn terrorism in all its forms and manifestations, committed by whomever, wherever and for whatever purposes, as it constitutes one of the most serious threats to international peace and security;

2. To take urgent action to prevent and combat terrorism in all its forms and manifestations and, in particular:

(a) To consider becoming parties without delay to the existing international conventions and protocols against terrorism, and implementing them, and to make every effort to reach an agreement on and conclude a comprehensive convention on international terrorism;

(b) To implement all General Assembly resolutions on measures to eliminate international terrorism and relevant General Assembly resolutions on the protection of human rights and fundamental freedoms while countering terrorism;

(c) To implement all Security Council resolutions related to international terrorism and to cooperate fully with the counter-terrorism subsidiary bodies of the Security Council in the fulfillment of their tasks, recognizing that many States continue to require assistance in implementing these resolutions;^{xliv}

A sub-program of UNODC, UN Global Programme against Money Laundering (GPML) assisted a project on money laundering that focuses on following areas:

- *“Raise the awareness level among key persons in UN member states;*
- *Help create legal frameworks with the support of model legislation for both common and civil law countries;*
- *Develop institutional capacity, in particular with the creation of financial intelligence units;*
- *Provide training for legal, judicial, law enforcement regulators and the private financial sectors;*
- *Promote a regional approach to addressing problems; develop and maintain strategic relationships with other organizations; and*
- *Maintain a database of information and undertake an analysis of relevant information.*^{xlv}

VII.Improving Approaches

A. National Approaches

Assessment of risks of countries is very important since the effectiveness of the measures taken is decided by that. There are National Risk Assessments (NRAs) which provide a look into published regional assessments. On the issues of money laundering and the financing of terrorism, FATF published a document in order to be of guidance to NRAs that is made of five sections as followed:

“Section 1. Purpose, scope, and status of the guidance

Section 2. General principles that should be taken into account when conducting ML/TF risk assessments

Section 3. Planning and organization of a national-level money laundering / terrorist financing risk assessment

Section 4. The three main stages involved in the risk assessment process

Section 5. The outcome of the risk assessment”^{xlvi}

According to that guide, identification, analysis, and evaluation are the main three stages of building national approaches.

By building national approaches and maintaining international cooperation, the effort on building global approaches is broadened and strengthened. As a sample, the United Kingdom has increased its focus on money laundering and the financing of terrorism and built a strong NRA in 2015, (updated in 2017), and became the forefront of global efforts as well.

“The UK has been at the forefront of recent global efforts to shut down safe spaces for money laundering and terrorist financing. The 2016 London Anti-Corruption Summit led to over 600 specific commitments made by more than 40 countries and six major international organizations.”^{xlvii}

World Bank has also published a Risk Assessment and explained the area of usage and purpose as *“The World Bank tools are essential, although not limited to, self-assessment tools in order to help the countries develop their capacity to collect and analyze the usage data, statistics and information and introduce a risk-based approach”^{xlviii}*

It is important to note the importance of undertaking risk assessments on the national level due to the fact that for countries and authorities overall risk preparation and dealing with consequences highly depend on building and establishing risk assessments.

B. Building a Global Approach

1. Initiatives

Combating laundering is nowadays seen as an important tool in effectively combating economic, political, and social life-threatening crimes. The international public is very sensitive to the importance of depriving criminals and criminal organizations of sources of income to combat them. It is an important indication of this sensitivity that international agreements, which contain provisions on illegal international drug and arms trade, human trafficking, and many organized crime and money laundering, have been signed by many countries in a very short time. However, as much as this sensitivity, the need to be organized to fight laundering and laundering premise crimes is inevitable. For this, international cooperation increases its importance day by day.

There are many international organizations dealing with money laundering basically aimed to provide international cooperation such as INTERPOL, Europol, the Basel Committee, the Bank for International Settlement, the Egmont Group, and International Chamber of Commerce^{xlix}

International Criminal Police Organization (INTERPOL) also contributed to building a global approach by producing standards and methods to counter money laundering and the financing of terrorism. A recent study of INTERPOL is “The hawala alternative remittance system and its role in money laundering.”¹

2. The Role of Border Services

Security and services in borders are the most troubling obstacles for criminals that use the methods that are called traditional methods of money laundering which are old theoretical money laundering models, rather than more sophisticated and enhanced money laundering methods which are created to counter technological developments and the conditions of the digital age, as well as the financing of terrorism. Identifying and precluding illegal capital flow at the border cuts the financial support directly and precisely. Cross-border organized crimes threaten international security and peace and require a global approach. At this point, placing deterrent legal regulations and presence at borders is a must.

The transfer of cash is still among the most popular ways of money laundering and the financing of terrorism despite the developing technologies. After the funds are generated, they are taken in cash to the conflict zones which provides a hiding spot since it presents a difficulty to detect the smuggling of cash. Also in conflict zones, there is often the existence of unregulated economies that are attracting criminals. Therefore, border services and the personnel working in border services present an important stance. The World Customs

Organization stated the necessity of special training and programs for border service personnel in 2001 by issuing inclusive recommendations.^{li}

“The WCO has actively championed anti-money laundering programs and has enhanced its Members’ ability to fight money laundering by increasing awareness, developing training programs, developing legal instruments, promoting the CEN suite including its seizure database, and advocating best practices.”^{lii}

VIII. Conclusion

Money laundering is the criminal act of concealing and misleading funds and their sources, as well as complicating transactions. The three stages of money laundering include placement, layering, and integration. Terrorism is a criminal activity that has the aim of inflicting fear for specific reasons. The financing of terrorism is generating funds for terrorist activities. There are global characteristics and methods for both offenses but the most distinctive difference between the two offenses is the motivation: money laundering is financial while the financing of terrorism is not financial, and the focus is on the usage. Money laundering is carried out in order for terrorist organizations to access illicitly obtained or generated funds. While the establishments FATF and Egmont are actively seized on the matter, NRAs are used to identify, analyze, and evaluate the money laundering and the financing of terrorism.

When countering money laundering and the financing of terrorism, a comprehensive understanding regarding the definitions, similarities, differences, and relations with each other, scope of effects, and measures that need to be taken should be adopted. Therefore, while considering all those factors, it is important to identify the sources of issues properly in which risk assessments are in guidance of, and doing all those under genuine global

cooperation both publicly and privately with the assistance of authorities domestically and internationally. It is also important to enhance awareness regarding the offenses of money laundering and the financing of terrorism due to the emergence of new technologies and their developments.

In conclusion, money laundering and the financing of terrorism not only threaten the economy of a nation but also is considered a threat to human life with global consequences and serious environmental, social, economic, humanitarian, and cultural impacts.

IX. Points Should be Discussed

1. What kind of an approach can be developed for countering the financing of terrorism through anonymous payment systems such as PayPal, CashU, etc.?
2. What further training and programs can be launched to improve the capabilities of border personnel?
3. What can be done to provide data that is specialized in the financing aspect of terrorism, further regarding terrorism like TWEED, covering both international terrorism and domestic terrorism in all parts of the world?
4. What kinds of countermeasures can be taken to analyze the especially blurred and complicated financial input and outputs more efficiently and easily?
5. How can the customer privacy principle of the financial institutes be edited in favor of tackling money laundering?
6. How should the private sector of financial services be guided regarding AML and CFT procedures?

7. How should the new payment products and services (NPPS) and virtual currencies be addressed?
8. How can withdrawals in huge amounts from overseas ATMs be regulated?



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