

THREAT ANALYSIS OF THE REGIONAL TERRORISM FINANCING

ANALISIS TENTANG ANCAMAN MENINGKATNYA KEUANGAN TERORISME REGIONAL

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Abstrak – The terrorism financing threats is a prominent issue in South East Asia region that must be tackled by Indonesian government in mitigating the development of Islamist radical group. In order to maintain the operational and financial group, then the vast funds is very needed which obtainable by several means. Fund gathering, fund movement, and fund allocation are those activities usually conducted by the group, and this does not make terrorist would stop in varying some ways to increase their fund. The fund plays a vital role to the group's existence due to operational cost, particularly in recruiting, hiring, and indoctrinating new members. The influx of money could be sourced from inside and outside country. When one speaks of terrorism funding, it could not be separated from the donor, movement and usage, which also covered as legal entity, banks, NGOs and individual donations. All these actors must be faced through policy and legal means which connecting with specific stakeholders, particularly those who advance in banking system.

Kata Kunci: terrorism financing, security

Abstract – Pendanaan kelompok teror merupakan isu yang menonjol di kawasan Asia Tenggara yang harus dicegah oleh Pemerintah Indonesia untuk menekan pertumbuhan kelompok Islam radikal. Untuk membiayai segala kegiatan operasional dan kebutuhan finansial kelompok teror, maka pendanaan yang besar sangat dibutuhkan dan akan dicari oleh mereka dengan berbagai cara. Pengumpulan dana, pergerakan dana, dan pengalokasian dana merupakan rangkaian aktivitas yang umum dilakukan oleh kelompok teror, dan hal ini tidak akan membuat mereka berhenti berpikir untuk mencari cara-cara lain untuk memperbesar dana yang diperoleh. Pendanaan memiliki peran vital terhadap keberlangsungan kelompok teror itu sendiri, terutama dalam hal perekrutan dan doktrinasi kepada anggota-anggota baru. Aliran dana yang masuk ke kelompok teror bersumber dari dalam dan luar negeri, dimana ketika berbicara pendanaan terorisme maka akan melibatkan aktor-aktor seperti instansi, Bank, LSM, dan donatur individu. Kesemua aktor inilah yang harus dihadapi melalui kebijakan dan hukum yang berlaku serta melibatkan pakar perbankan sebagai stakeholder spesifik.

Keywords : pendanaan terorisme, keamanan

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Introduction

Terrorism is still a threat to human security and safety in almost all countries in the world nowadays. ISIS terrorist attacks in France on November 2015, in Jakarta on January 2016, and the latest attack in a Cafe Club in Orlando, USA that took the casualties of 50 deaths and has left 53 persons with bodily harm was a clear evidence that the threat of terrorism is a real threat and such threat exist among us. The globalization of the threat of terrorism is not only caused by the common radical ideology which unites the terrorist, but also caused by another reason which is no less important than the commonality of radical ideology, that is the financial support to the terrorist's activity that continues to be channeled by various sources in numerous forms of payment. Funding is a vital element in a terrorist activity in whichever location that the terrorist exist.

Due to the vital role that money plays in the terrorism act, the funding of terrorism is a serious threat to the security in all areas, like national, regional, or global. Money, in analogy, is a blood to both the living sustainability of terrorists or terrorist's regular activity. The role that money play is of utmost importance, among others is to build organization, ideology dissemination, personnel recruitment, indoctrination, training, operational cost, acquisition of all necessity and operational equipment such as guns and explosives. The appearance of terrorist may change in accordance with the evolvement of each context and situation, however, the basic necessity of terrorist, which is money, is a permanent matter. Therefore, activities such as the collection, management and transference of funding/money is guaranteed to be conducted by the terrorist to fund their activities and to maintain their living sustainability. Failure to neutralize terrorist funding means a failure to neutralize a terrorism act.

In this paper, we will elaborate the topic of the developing threat of regional terrorism funding and other issues that we need to be cautious of, with the title of *"Emerging Regional Terrorism Financing Threats and Issues"*. Firstly, this paper will elaborate the typology regional terrorism funding along with the case studies. Next, this paper will explain the mechanism and terrorism-funding model in Indonesia and also with the case study. Lastly, we will elaborate the challenge that we will be facing along with the proposed solution for such challenge.

Typology of Regional Terrorism Funding

Essentially, a terrorist organization needs money for their living sustainability and operational cost. In terrorism funding there are three main activities, which are carried out by such terrorist organization, which are fund gathering, fund movement, and fund allocation. Firstly, *Fund Gathering*, which has some numerous type of fund as follow:³

Individual Donation

Based on the analysis conducted by the *Financial Action Task Force* (hereinafter FATF), 33% of terrorism case which were legally processed in the United States since the year of 2001 obtains their funding from individual donation. A rich individual donor will be very beneficial for terrorist organization, such as ISIS. This example can be seen by a fact that some individuals from The Gulf countries, called “angle investor”, continually provide small but steady of flow of money to ISIS. Even though the amount of money is small, but some experts believe the cash is very significant to increasing fund for ISIS.⁴

Misuse of NGO Funding

NGO are prone to be used by terrorist as a source of funding, because the terrorist may establish a Non-Governmental Organization masked in a social purpose to pool funding. After such funding is pooled, not all of such funding is used for social activity, some of such funding is used to fund terrorism act. The misuse of such fund may be conducted through the misuse of program funding, giving donation to organization affiliated with terrorism, and exploiting the NGO to find funding. Some NGOs are still vibrant and integral part of the contemporary global environment and play significant in terrorism issue. The wide range, geographic reach of their activity could make NGO as unique among international that potentially could be used for terrorism financing. For instance, there were billion of fund coming to Indonesia from Middle East in early 2016, and also some thousand dollars coming from Australia and Singapore to each NGO masked in

³ Annual Report, "Terrorist Financing", Financial Action Task Force (FATF) Secretariate, February, 2008, Paris, France, p. 28.

⁴ “Who’s funding ISIS? “Wealthy Gulf ‘Angle Investor’, Official Say,” 21st September 2014, accessible on <http://www.nbcnews.com/>, accessed on July 7th 2016.

Islamic and social purpose.⁵ The relation among these NGOs is close enough, particularly when they want to support a worldwide caliphate.

Criminal Activity

Criminal activities are a common activities conducted by the terrorist to fund their activity. The big terrorist organization such as ISIS has taken over numerous government assets in Iraq, such as banking and oil industry assets. ISIS has also taken over numerous assets owned by the government or individual/society which is viewed as different from them. In another scale, there are also activity conducted by Abu Sayyaf in the South Philippines, which is kidnapping any individual for a financial gain.⁶ Another common activity carried out by terrorist in Indonesia is theft and burglary. The burglary of a gold shop in Banten which were carried out by Imam Samudra group, the burglary of CIMB Bank in Medan which were conducted by the terrorist that has gone through training in Aceh are examples of such activities.

Legal Entity

Investigation conducted by the law enforcement found out a correlation between legal entities with terrorism act. The correlation between legal entities with terrorism usually is by giving channels for the money laundering conducted through the legal entity. Obviously it cannot be denied that funds used to support terrorism may also be generated through legal means, or even legitimate humanitarian or business organization. Usually the legal entity has collected the fund for the long – term because they abuse all the legal ploy, aspect, and channel. By having the legal way, it more difficult for the apparatus or agency to cut out the flow of fund, and usually take a long time to uncover it. The upmost ploy they have designed is by conducting the money laundering, hence today almost countries had established, anti-money laundering body/agency to monitor financial institutions.

⁵ “Dana Teroris Indonesia Juga Berasal dari Australia,” 25th January 2016, accessible on <http://international.sindonews.com/>, accessed on July 7th, 2016

⁶ “Philippines Unrest: Who Are The Abu Sayyaf Group?,” June 14th 2016, accessible on <http://www.bbc.com/> accessed on July 8th, 2016.

Secondly is, *Fund Movement*, which usually coming from other countries, internal body/organization, or even some individual that could be associated with terrorist group. There are several activities that provide financial support to terrorist group as follow:⁷

Banking Sector

The banking sector is the most commonly used channel by the terrorist to send and receive money. This channel is the easiest and the most efficient channel both in national or international scale. A study case in India, after an investigation, it was reported that Hizb-ul-Mujahideen (HM) has accepted money with a source from Pakistan through numerous channels to support terrorism act in India. Another case, in the early of this year, a lawsuit has been filed at a California court against the Kuvейt Türk Bank, whose shareholders include a Turkish state-run body, and Kuwait Finance House, on charges of aiding and abetting the terrorist Islamic State of Iraq and Syria (ISIS), claiming that money transfer has been made to terrorist groups in Syria over their accounts.⁸

Transfer Remittance System

Transfer Remittance System is used as a mean to transfer funding to recipient which are located in conflict areas, such as Iraq, Syria, Somalia, and Yemen. This system is easily exploited by the terrorist to send funding to the person carrying out the act of terrorism. Terrorist organizations, such as Al Qaeda, Hamas, Hezbollah and ISIS, state sponsors of terrorism, have had many years to perfect their fundraising through transfer remittance system. Another example in the Middle East is remittance system commonly known as “hawala”. The word of Hawala comes originally from the Arabic language and means transfer or remittance. Hawala provides a fast and cost-effective method for worldwide remittance of money or value, particularly for persons who may be outside the reach of the traditional financial sector. In some nations “Hawala” is illegal, in others the activity is considered a part of the “grey” economy. It is therefore difficult to accurately measure

⁷ "Emerging Terrorist Risk", Financial Action Task Force (FATF) Secretariate, France, Paris, October 2015, p. 20, accessed on July 7th, 2016.

⁸ “US accuses Kuvейt Turk Bank of Aiding ISIS,” 15th June 2016, accessible on <https://www.turkishminute.com/>, accessed on July 9th, 2016.

the total volume of financial activity associated with the system, however, it is estimated that the figures are in the tens of billions of dollars, at a minimum. Officials in Pakistan, for example, estimate that more than \$7 billion flow into the nation through “Hawala” channels each year, which by many experts that ploy was associated with terrorist group.⁹

Courier

The courier or *cash bearer* method is a very common method to be used by terrorist or other criminal activity. This method is relatively hard to be detected or monitored since the movement is from an individual to another individual. The difficulty of tracing this method is even harder for countries with low security system in the *border protection and security* area. The terrorist may bring cash for humanitarian activity, which are commonly exercised by the NGO. It turns out that such method is used to cover up the activity from the law enforcement, and in reality, such funding is used to help the terrorists. Using couriers to move physical cash is the “simplest and oldest way of moving value. When terrorist move cash across international borders, they typically conceal it in vehicles, packages, luggage, or anything else that can hold large physical volumes of cash. Oftentimes, where borders are uncontrolled or where the state’s resources are strained, terrorist do not even conceal the cash. Al-Qaeda claimed that they also use to move money in the 1990s and before the 9/11 attack. According to the 9/11 Commission Monograph, al-Qaeda used money changers to transfer US \$1 million from the UAE to Pakistan and then used couriers to transfer the funds as cash into Afghanistan.¹⁰

Thirdly, *Fund Allocation*, which show the funding in a terrorism act could be categorized into two main activity group, which are: (1) direct operational funding which is tactical, and (2) funding for the development and sustainability of terrorist organization which strategic as follow.¹¹

⁹ “Hawala and Alternative Remittance Systems,” 3rd March 2013, accessible on <https://www.treasury.gov/>, accessed July on 17th, 2016.

¹⁰ Michael Freeman and Ruehsen Moyara, “Terrorism Financing Methods: An Overview and perspective on terrorism, *Naval Postgraduate School in Monterey Journal*, No. 7 Issue 4, August 2013, p.7.

¹¹ “Terrorist Financing”, FATF Report to G20 Leaders, Financial Action Task Force (FATF), France, Paris, November, 2015, p. 9.

Operational Funding

Terrorist operational activity which need operational funding among others are the cost for identity document, transportation cost, food, acquiring gun, explosives and the cost for daily living for the terrorist and their family. It may involve funds raised from the legitimate sources, such as personal donations and profits form of business and charitable organizations, as well as criminal sources, such as the smuggling of weapons and other goods, fraud, and kidnapping. For instance, MILF (Moro Islamic Liberation Forces) has kidnapped civilian recently, including Indonesian, in order to get the fund by having some ransoms from Indonesian government. The ransom help MILF group to run their operational activity, particularly to supports armaments for their soldier for doing military operations.

Previously, another case of Al-Qaeda, the fund was obtained by various means, which include its cells, branches, and affiliated groups to finance themselves. According to a CIA report, *Al-Qaeda's* financial requirements before the 11 September 2001 attacks amounted to 30 million US dollars annually. This money was earmarked not only for carrying out attacks, maintaining of its quasi-military apparatus, training and indoctrination of its members, and contributing to the Taliban regime, but also for the occasional support of associated terrorist organizations. It is currently very difficult to make a reliable estimate of the operating cost of *Al-Qaeda*, as it now acts through a large number of cells and satellite terror groups which are more or less autonomous.¹²

Meanwhile, in the case of ISIS, the group almost gains the fund from criminal acts like illicit proceeds from occupation of territory, such as bank looting, extortion, control of oil fields and refineries, and robbery of economic assets. This made ISIS considered as the wealthiest terrorist group ever in a history due the asset and territory occupation they have done. Some argue that the fund of this group is quite near to a military budget's small country. To manage its finance effectively, ISIS also has an internal structured of financial management system, which distinguish to other terrorist groups, thus ISIS can be easily funding its operational like a budgeting system of a country. ISIS

¹² National Commission on Terrorist Attacks Upon the United States (2004), *Monograph on Terrorist Financing*, Staff Report to the Commission, Washington, DC, p.19, on http://govinfo.library.untedu/911/staff_statements], accessed on July 9, 2016.

clearly believes that operational fund is a very crucial reason to run the group activities, or at least to maintain their existence.

In Indonesia, author took an example from the case of Mujahidin Indonesia Barat (MIB) in 2013, the operational fund was also used to assist members and families. Moreover, the group leader Abu Roban had used some of the funds to invest in several businesses, for instance establishing some MSMS (Micro-Small Media Enterprises) like banana (fruit) plantation and small *konfeksi* enterprise in Jakarta.¹³ By conducting business through operational funding hence the group would have another incentive and benefit to be used for other purposes cost in the future. All operation cost, include the equitable sharing to each member. Abu Roban was the main actor in managing all the MIB's Funds, which include fundraising and financing methods that done by himself. This indicate that main actor needs to manage the person who has the authority to pay some money as a reward to all MIB members, particularly who joined him in running criminal act. A main actor usually is a person who establishes the group or at least appointed by the followers due to his ability, charisma, skills, and experience in leading the group, hence this person usually given a responsible in managing the fund operation.

Organization Living Sustainability Funding

Funding that is used for the organization living sustainability among others are recruitment, propaganda, indoctrination, training, and issuance of numerous radical literature to gain support. The process of recruitment definitely requires some budget because it needs special operation that cost a lot of money. Moreover, the recruitment process also comprise an elicit tactic to convince the new members by offering some monthly earnings when they join the group. This indicates that offering income is the effective mean to attract new member beside the ideology. In other words the group must assure all economics needs of all members if they decide to get in the group, and also the needs of family members. Meanwhile, group training is believed to be costly due to equipment, gear, supply, and device that required to success the operation.

¹³ "Weak Therefore Violent: The Mujahidin of Western of Indonesia", *Institute for Policy Analyst of Conflict*, IPAC Report No. 5, December 2nd 2015, Jakarta, p. 14.

Moreover, a success campaign usually supported by an adequate fund although it can be carried out through social media which is low cost. By having sufficient fund, the operation of campaign and propaganda could be extensively implemented. Not only through social media, but also through some Islamic Border Schools (*pesantren*). Some students from *pesantren* are lured with a sum of money to appeal them in joining group, this why some experts believe the economic motive still used, and it cannot be denied that the fund is considered as an effective tool to reinforce the number of member group.

Terrorist organization also conducted social activity such as helping the society which are under their control. The assisted society will be expected to give supports for terrorist group, especially moral support as the soft power for preserving their existence, including their branches and cells. Moral support can be described as the intangible asset, and it is very significant to balance the media who cornering the group as the wrong side. This type of activity are conducted by Alshabab, ISIS, dan Hamas. Hamas has a lot of credibility among ordinary Palestinians. Hamas also gets support because of its social, medical and education programs in Palestinian areas. For years, Hamas was a fringe organization, popular mainly for its social and educational work, especially in poor neighborhoods. Moreover, Hamas has also conducted social activity in mosques that mainly serve the Palestinian immigrant population. A Palestinian public-opinion poll indicates Hamas had the support of 30-percent of the Palestinian population in Gaza and the West Bank.¹⁴ Another example from Indonesia, there are some Islamic border schools, mosques, and Islamic organizations that delivers their sympathies for Islamic radical groups. The sympathies may include the money covered by humanitarian aid to help all fellow Muslims in Indonesia. This is finally revealed by the Indonesian Police (Polri), when they found some of moneys transferred by several Islamic organizations.

The Threat of Terrorism Funding In Indonesia

Following the bombing terror in Paris and in Thamrin Jakarta, the team from Special Detasement Anti-Terror 88 from the Indonesian National Police captured tens of terrorist

¹⁴ See "Hamas History", accessible on <http://www.globalsecurity.org>, accessed on July 14th, 2016

related to the Thamrin bombing.¹⁵ This fact shows that the terrorist cells are still living and has survived through time in Indonesia. Basically there are two main factors that caused terrorism act to still and maintain to be living, and even develop, which are the narration from the terrorist, and the terrorist funding which continues to be channeled to the terrorist. However, the main focus in this discussion is regarding the terrorist funding.

No terrorist organization or any other kind of organization, for that matter—can carry out its mission without financial resources. Terrorist activity is inexpensive when compared with the costs involved in sending armies into war. Nevertheless, the financial resources are needed to recruit members, to run the doctrine and to spread their network in other areas. As the terror groups are become larger, better organized, more sophisticated, and have more systematic forms, the larger fund is needed to run the operation, especially in expanding in new area. In addition, international terrorist groups have increasingly relied on the efficiency, confidentiality, and capacity for instant electronic transfer of funds to lubricate for their activities.¹⁶

The source can be from state-funding or non-state funding. In Indonesia, the group is definitely supported by non-state group which can come from outside or inside country itself. It is very common when supporters like Muslims NGO transfer some money to help Islamist radical group, which is very difficult to be tracked by police or any other security apparatus. Essentially, the typology of terrorism funding in Indonesia are relatively similar to the typology of terrorism funding in the regional scale, or with other country. The funding maybe gathered through domestic or international source, and the source of such funding maybe individual, social organization or terrorist organization in other country.¹⁷

The threat of terrorism funding has made the Indonesian government optimize the role of Center for Financial Transaction Reporting and Analysis (PPATK). This body is directly under the President's instruction to collect all data and information that

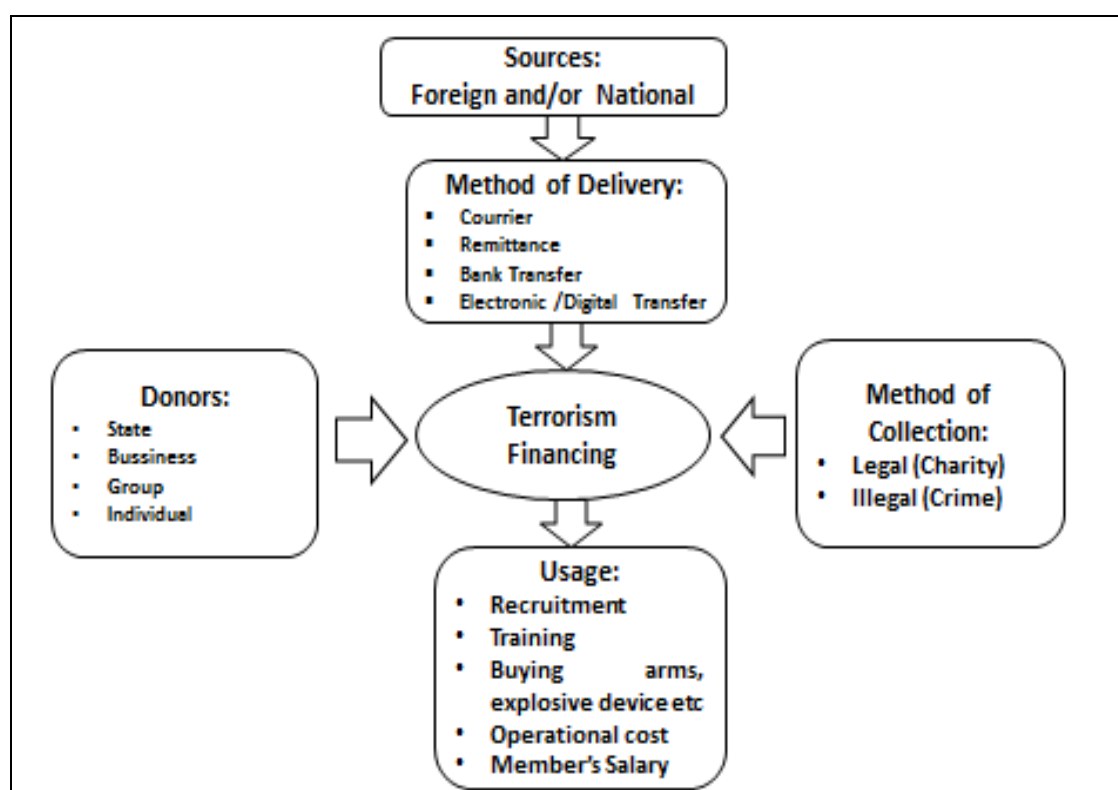
¹⁵ "Terkait Bom Thamrin Densus 88 Tangkap 12 Orang," January 16th 2016, accessible on <http://www.beritasatu.com/>, accessed on July 16th, 2016

¹⁶ Neil Smelser, *The Face of Terrorism : Social and Psychological Dimension*, (Princeton: Princeton University Press, 2007), p. 48.

¹⁷ "Global Money Laundering & Terrorist Financing Threat Assessment", Financial Action Task Force (FATF), France, Paris, July 2010, p. 19.

interconnected with terrorist group. Today, PPATK has expanded their cooperation to Asia Pacific through AUSTRAC (Australian Transactions Report and Analysis Center) and have generated the cooperation in sharing information, intelligent data, and money report across the countries.¹⁸ The collection of data is useful to cut off the influx of money and to implement early warning system for pressuring the group's existence. The illustration of terrorism fund is clearly must be traced by PPATK including other parties in Indonesia. Bellow is an illustration about the mechanism of terrorism funding.

Figure 1. Sources and Mechanism of Terrorism Financing



Source: FATF (Financial Action Task Force), "Terroisme Financing", 2015, (Annual Report)

According to the chart, both legal and illegal means are used by terrorist group to get the money from variety donors such as state, business group, and individual. The delivery method can be run from traditional or modern ways. For instance, today, some terrorist group are tend to use bank transfer and digital transfer to make faster delivery, though some are still depend on courier due to a safety process. Particularly, the courier process still conducted in the borders area because the porous border security. The usage

¹⁸ "Kerjasama Pencegahan Pembiayaan Terorisme Indonesia-Australia Diperluas ke Asia –Pasifik", 18 November 2015, on <http://m.metrotvnews.com/>, accessed on October 10, 2016.

of terrorism financing is vary which comprise the recruitment process, training, buying equipment, and monthly earnings for the members. From the chart, the role of money is very important because it covers all the group activities with the internal or external source.

To counter the threats of terrorism funding, Indonesian government should impose the laws to cut off the flow of money to terrorist groups, depriving them of vital funds needed to purchase weapons and continue operations. Counter Financing Terrorism laws (CFT) also function by criminalizing the act of funding terrorism, so that persons or organizations knowingly providing any kind of funds for a terrorist act, individual or group, are committing a crime - even when they had no intention of taking part in an actual terrorist attack themselves. CFT laws also expose 'money trails' that may generate previously unknown leads, and can force terrorists to use more costly and high risk means of funding their activities – making them more susceptible to detection. CFT laws, therefore, have great potential to disable terrorist groups and individuals.¹⁹

Terrorism funding can be interpreted as all acts in the aim of making available, pooling, giving, or lending funds, directly or indirectly, with the purpose to be used for/or which is known to be used for the act of terrorism, terrorist organization, or terrorist. In Indonesia, terrorism funding is regulated in Law No. 9 of 2013 as all assets or moveable or immovable assets, tangible or intangible assets, which is gained in any method and in any form, including in digital or electronic form, evidence of ownership, or anything related to all of such assets, including but not limited to bank credit, travellers checks, checks issued by bank, order of money transfer, shares, security, obligation, bank draft, and loan recognition letter.²⁰

In addition to chapter 29 which is written as follow, to empowers investigators, prosecutors and judges to order banks and other financial institutions to immediately freeze the assets/property of any person, where it is known or suspected that they are the result of a terrorist act and/or a crime connected with terrorism. The assets/property

¹⁹ Adam Fenton & David Price, "Forbidden Funds – Indonesia's New Legislation for Countering the Financing of Terrorism", *Australian Journal of Asian Law*, 2014, Vol. 15, No. 1, p. 3.

²⁰ See Law No. 9 of 2013, article 1 paragraph 7.

are ordered to remain in the bank.²¹ This article was very helpful to prevent any activities by supporting group who often funding terrorism group in Indonesia. Before this Law enacted, many supporters group, commonly Muslim NGO and individual backing often misuse their fund, and it was difficult to be tracked at that time by Indonesian police.

When one speaks of terrorism funding, it could not be separated from the donor, movement and usage. The donor of terrorism can be a state, organization or group and individuals. This fund may come from domestic or national, and can be gained legally or illegally, be it from legal donation, legal business or crime activity, including from terrorist activity. The study case of terrorism in Indonesia among others are:

Bali Bombing I Funding

Jemaah Islamiyah (JI) in Indonesia accepted fund transferred from Al Qaeda in the amount of US\$ 95,500, which were given by Khalid Sheikh Mohammed to a member of JI, Hambali. Hambali would later give the fund to a courier of the JI organization in South East Asia, Wan Min bin Wan Mat. Wan Min then divided the fund as follows: US\$ 60,000 is used as operational cost for JI in Singapore, and US\$ 35,500 is used as operational cost for JI in Indonesia. The fund is later given separately to Noordin M. Top, Azmi Rahim, and Mukhlas for Bali Bombing necessity.²²

Mukhlas himself claimed that he secured money given by Noordin M. Top and he had an authority to arrange all the cost for the attack. During those days, Mukhlas was helped by Idris who had gathered the funds from another source.²³ All the operation cost like accommodation and transportation of the explosives were handled by Mukhlas and Idris. Actually Noordin M Top was not the man who in charged in managing the fund, because he had focused on plotting the operation strategy in the field. By seeing this fact, each actor of terrorist group has a different role in running their operation, and moreover, the role of fund management was clearly on the hand of special actors. The

²¹ See Law No. 9 of 2013, article 29 paragraph 2.

²² Asia Pacific Group (APG) Annual Typologies Report 2003-2004.

²³ "The 12 October 2002 Bali Bombing Plot," 11 October 2012, on <http://www.bbc.com/news/>, accessed on October 12th 2016.

role in gathering and managing the fund was very crucial, because most of the activities to carry the attack need money.

Terrorist Training in Aceh 2010 Funding

The burglary of CIMB Bank in Medan is a part of funding source for the recruitment and training of Aceh terrorist organization which were led by Dulmatin.²⁴ In the Aceh training funding case, some individuals which were involved were convicted as donor and distributor, similar to how Abu Bakar Ba'asyir and his treasurer Djoko Purwanto were convicted guilty for funding terrorism act. Terrorist training definitely needs a lot of moneys due to expensive equipment and gears that must be available in the field. The criminal act was conducted in order to increase their money and to ensure all the cost for training in Aceh. Moreover, another source of funding came from suspected Sufyan Tsauri was captured by the police.²⁵ This clearly indicates that the source was not only one, but also come from another sympathizer. Ba'asyir and Tasuri were two donors who had supported the fund for Aceh training. As individuals, they were very mobile to collect the money before they transferred to Dulmatin. Therefore, the mobility is the key role to determine the process of collecting money.

MIB (Mujahidin Indonesia Barat)

The Mujahidin Indonesia Barat (MIB) funded their operational by criminal activity or called (*fa'i*). The group were successfully, with one robbery after another, producing a total haul of some Rp.1.8 billion, or about \$180,000. Usually they robbed banks and jewelry store. The 80 per cent covered operational and logistical costs, including purchase of guns and motorcycles, while 20% were given to members who joined the operation.²⁶ The case of MIB actually reveals that illegal methods have been used by terrorist group to collect money. MIB group realizes that the supports from Indonesian civilian are very few

²⁴ "Perampok CIMB Niaga Medan Akui Dapat Pelatihan Militer di Aceh," April 4th 2011, accessible on <http://news.detik.com/>, accessed on July 14th 2016

²⁵ "Dana Teroris Aceh Dari Sufyan Tsauri," 10 Agustus 2010, on <http://nasional.kompas.com/>, accessed on Oktober 12th 2016.

²⁶ IPAC Report, *op.cit*, p. 11.

because they had already condemned the brutality of terrorist group. MIB group also realized that they cannot depend from MIT (Mujahidin Indonesia Timur) because Indonesian Police had monitored and cut all flow of funds from MIT. Finally, MIB worked alone at that time with only few men and one leader called Abu Roban who always involved directly in conducting all criminal activity. This clearly indicate that the leader who involved in operation activity is not good, because once he captured by the Police, so the rest of all his members will also be seized and the existence of the group (MIB) will be vanished. The case of MIB shows there are no specific actors in collecting and managing the fund from other sources besides choosing criminal ways. The group also did not try to attract moral supports form Muslim NGO and donors. MIB clearly did not have a various strategy in collecting money, yet they only focus to collect fund by criminal act which they believe it was an effective mean.

Terrorism Act in Thamrin 2016 Funding

Based on the investigation by the Indonesian National Police, the funding of terrorism act in Jl. Thamrin at the beginning of this year is funded by Bahrin Naim, an Indonesian citizen that joined the ISIS organization in Syria.²⁷ Naim sent the money periodically in the amount of 40 – 70 million rupiah from Syria through WU (Western Union).²⁸ The money was used by the executors to prepare all the needs before the attack. Naim was also considered as the ISIS leader in ASEAN and he had a responsible to enhance ISIS influence. Before he was suspected as a donor, Naim was in jail during 2011 – 2012 due to arms ammunition case which he was believed to support some radical groups. After he released from jail in 2012, there was a competition among young men who want to become ISIS leader in some area, and then Naim finally succeed to get that position. Due to his new position he has an authority to transfer funds to Indonesia from Syria. After his release, the monitoring from police wasn't optimal then made Naim easily decided to join ISIS. It would be different if police had conducted a monitor on him after the release and

²⁷ "Sosok Bahrin Naim Tersangka Otak Serangan Jakarta," January 15th 2015, accessible on <http://www.bbc.com/>, accessed on 16 July 2016.

²⁸ "Ongkosi Teror Bom Thamrin, Bahrin Naim Rajin Transfer, Berapa Jumlahnya?," 17 January 2016, on <https://m.tempco.co/>, accessed on 12 October 2016.

made police possible to track other suspected that interconnected with Naim before he moved to Syria.

The source of Terrorism Funding in Indonesia maybe gained through legal or illegal means, one of the legal funding source is through the society aid. Terrorist are able to use this aid through three ways, which are *first*, a legal donation organization pools funding from society/people for orphans, but such funding is later misused by the caretaker of the donation organization for the terrorism funding. Second, Establishing fictitious donation organization and acting as if the organization is legal, yet the funding gained is used to fund terrorism. Third, Foreign Funds. PPAK (Indonesian anti money laundering and money transfer institution) cooperated with AUSTRAC and detected a big amount of money transfer that reached the amount of 500,000 AUD.²⁹ That fund was sent by an individual in Australia to an organization in Indonesia. In its analysis, PPAK mentioned that the fund was distributed to names in Indonesia which are suspected to be supporting the act of terrorism. Lastly, the usage of internet as a source of Funding. Internet can be a new source of terrorism funding, and it was mentioned that basically there are four categories of the use of internet to fund terrorism, which are:³⁰

- a. The first category is known as *direct solicitation*, which is asking for donation through *website*, *e-mail*, and *chatting*, where terrorist organization directly request for fund to their supporter.
- b. The second category is to use *e-commerce*, where they offer for books, audio recording and video through *website* and through *online system*. The availability of *online* payment system such as credit card, PayPal, or communication facility such as Skype, made the purchasing and sales of the transaction easier between the terrorist organization and their supporters.
- c. The third category is to exploit the online payment system. This is used by hacking the payment system, be it through *identity theft*, *credit card theft*, *wire fraud*, *stock fraud*, *intellectual property crimes*, or *auction fraud*.

²⁹ "AUSTRAC Backs Indonesia's Fight Against Money Laundering", March 16th 2016, accessible on <http://www.thejakartapost.com/>, accessed on July 16th 2016.

³⁰ Petrus Golose, *Invasi Teroris ke Cyberspace*, (Jakarta: Yayasan Pengembang Kajian Ilmu Kepolisian, 2015), p. 113-114.

- d. The fourth category is where the activity of fund gathering for terrorism act is cloaked in the form of legal donation organization. In this case, the terrorist organization may establish a legal entity to gather funding from the society under the cloak of humanitarian act. The other alternative, is for the terrorist to infiltrate to the donation organization which are not related to the terrorism act they exploit such organization for the terrorist organization purpose.

Indonesia through collaboration with Densus 88 and PPATK, has garnered international praise for their success in counter terrorism operations, having, at last count, apprehended over 700 suspects over the past decade. However, there has also been considerable criticism of their actions concerning human rights abuses.³¹ Both Densus 88 and PPATK have been praised for their 'extraordinary success' in combating terrorism through counter financing, yet critics appeared by some Human Rights Activities who afraid it would be back like New Order Regime which dictatorship era was ruled with many human rights violation.

Future Challenges and Proposed Solution

Future challenges faced by Indonesia is the merger of terrorist from numerous countries such as Iraq and Syria, the use of social media, the existence of new payment system and exploitation of natural resources for the terrorism funding. This challenge is worsened by the oath of ISIS to persuade all followers to spread violent in outside Syria-Iraq and across the world including Indonesia. Beside violent action, there would be a hidden transaction among the ISIS supporters in order to develop their network in Indonesia. The electronic transaction is likely to be used rather than employing courier, and it is predicted involving Muslims NGOs and Islamic Boarding Schools (*Pesantren*) as the objects. Hence, some future challenges that must be prepared by Indonesian government are:³²

³¹ Adam Fenton & David Price, *op.cit*, p. 8.

³² "Financing of Terrorist Organization Islamic State in Iraq and The Levant (ISIL)", *Financial Action Task Force (FATF)*, February, 2015, p.27.

Merger of Terrorist from Numerous Countries

Thousands of terrorist gathered in countries in Iraq and Syria will be spreading their connections in the terrorism funding activity and training for the development of operational and tactical capability. Indonesia is considered as the terrorist's object to spread their radical ideology. The merger of various radical groups, both from external and internal is possible to happened. For instance, it is very possible if the Islamist Uyghur transfer illicit fund to the ex-member of MIT (*Mujahidin Indonesia Timur*), and also the probability of merger of ISIS's supporter with Al-Qaeda's supporter. There would be a lot of illicit influx in Indonesia when the some terror groups are going to affiliate.

Fund Gathering through Social Media

Social media can be a media for terrorist in all of their needs, including but not limited to fund gathering. With the cloak of social activity, terrorist may use this media to communicate in fund gathering for the terrorism activity needs. Indonesia is considered as the fifth larger countries in using social media, particularly *facebook* is the most social media used both for groups and individual. Beside connecting each other via social media, the other purpose such as business and social fund like NGO are often conducted and they are able to hide their identities to funding the groups.

New Payment System

Terrorist will always update the technology development. The new electronic payment which is electronically online is very prone to be misused by the terrorist. Some online payment can be instantly accessed for the fund transfer, and countries with low anti money laundering system are even much more prone to this type of terrorist activity. For instance, the new payment system could be implemented through money and value transfer service (VTC). Usually the VCT is run by companies which they are trusted brokers that have established relationships throughout region, which allow them to transfer funds to finance trade among other financial activities. Although this new payment system is predicted only happened in Middle East area, but it is also possible happened in Indonesia.

Virtual Currencies

Virtual currency may become a means for terrorist to transfer fund. This model of payment is finding their way to use the internet connection. The challenge of virtual currencies is considered as the main issue in recent time, because there are some radical supporters based in other country. They support the development of Islamist radical in Indonesia due to largest Muslim population in South East Asia.

Natural Resources Exploitation

The exploitation of natural resources has a very high possibility to be used as a source of funding by the terrorist. This has been practiced by terrorist organization such as ISIS. ISIS are capable of exploiting the oil, gas, and mining sector. Indonesia also has a large amount of natural resources in remote area which is usually considered have a low number of security personnel. Due to low number of apparatus, there would be a possibility of radicals group to established its power force and try to develop it.

Terrorist Nexus Narcotics

The spread of narcotics distribution in the world is very possible to be used as a mean of funding for terrorism act. This has occurred in Colombia where the FARC separatism movement has funded their activity through the business of narcotics. The drug trafficking is a criminal activity, which it could be very possible to be used as their new ploy. For instance is MIB (*Mujahidin Indonesia Barat*) who did run fund raising by means of robbery. The fact is, there are a great number of drugs trafficking case in Indonesia and it is possible that terror group have a connection.

Separatist Nexus Terrorist

The act of separation could not be separated from the act of terrorism. Terrorism acts are means to gain the aim of separatism. The separation movement would not hesitate to carry out kidnapping and ask for ransom from the victim to fund the terrorism act. The example of MILF (*Moro Islamic Liberation Front*) can be selected for Indonesian

government to make an early preventing strategy to tackle the possibility of Indonesian separatist in changing their means to become terror group.

Proposed Solution

Based on the above mentioned model evolvement and channels of funding, here are the proposed solutions to be implemented : *first*, each country must strengthen their *border protection and security*. *Second*, each country must strengthen their *Intelligence Financial Unit*. *Third*, building bilateral and regional cooperation to share intelligence information capacity building in relation to the counter-terrorism funding. *The last* is harsh sanctioning towards individuals or organizations that are involved in the funding of terrorism. By implementing these proposed solutions appropriately then Indonesian government could tackle the threat and issue of emerging regional terrorism financing. It is not impossible if Indonesia took a change as a prominent country to lead ASEAN in combating the terrorism financing issue.

Conclusion

Terrorism financing is the one of the most critical issue that must be tackled by Indonesian government with the collaboration among ASEAN members. Financing is needed by terrorist group to run the operations like hijacking, indoctrinating, attacking, training, disseminating, and recruiting new members. The Government must realize that financing terrorism is implemented through gathering, moving, and allocating the money with various means. If the government could not stop or at least reduce the financing movement, then the terrorit threat will continue to exist. The collaboration among internal and external stakeholder is the key to success to counter against terrorism financing.

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