

Indicators Related to Financing of Terrorism

Preface

Article (3), Chapter One, of Anti Money-Laundering and Combating the Financing of Terrorism Law No. (106) of 2013, stipulates that “Any person who by any means, directly or indirectly, unlawfully and willfully, collects or provides funds, with the knowledge that they will be used or with the intent that they should be used, in full or in part, in order to carry out a terrorist act or for the benefit of a terrorist organization or of a terrorist shall be considered to have committed a terrorism financing offense.”

Terrorism is financed by collecting, receiving, possessing, supplying, transferring and providing money, weapons, ammunition, explosives, machines, information, materials, etc., directly or indirectly, and by any means, including digital or electronic form, with the intent of using them, wholly or partly, in committing a terrorist crime or knowing that it will be used for that purpose, or by providing a safe haven for one or more terrorists or for those who finance it in any of the aforementioned ways. Phases of financing terrorism starts with collecting and transferring funds and, finally, using them to finance terrorist acts, terrorists and terrorist organizations. Hence, the following are the indicators that help monitoring them:

Indicators Related to Customer:

1. Frequent change of persons authorized to act on a particular account (authorized persons, actual beneficiaries, etc.).
2. Customers have links with extremist individuals, organizations or institutions.
3. Information exists indicating support for extremist publications or actions.
4. An obvious act by the customer so as not to communicate personally with the entity's employees (example: refusal to deal with female employees).
5. Behavior that demonstrates adherence to extremism or extremist concepts.
6. Submission of new or forged identity documents (example: forged stamp, photocopy or photo affixed on the stamp, document issuance date is inconsistent with its worn out condition).
7. New customers excessively ask the entity's employees about due diligence requirements or record-keeping requirements.
8. New customers refrain from providing information.

Indicators Related to Transaction:

1. Conducting transactions related to humanitarian organizations that are not legally registered.
2. Customer conducts multiple transactions through one branch with different employees.
3. Customer carries out transactions on behalf of other persons.
4. Frequent transfers by merchants to foreign states that do not show any business relationship with the intended states.
5. Repeated deposits of checks or financial transactions to a third party in his commercial or personal accounts.
6. Customer's accounts receive large transfers from an unknown source, where the declared purpose of financing their living expenses.

Indicators Related to Products, Services and Channels Used:

1. Account is opened in the name of a commercial entity that shares the same address with another natural person who is not related to the account.
2. Joint account used by a large number of persons who have no economic or personal relationship or who are not related to the account holder.
3. Natural person who opens multiple accounts (e.g., bank accounts, credit cards, electronic wallets), with the aim of receiving transfers in small amounts.
4. Natural person who opens an account with the aim of conducting certain transactions so that the account becomes a temporary deposit station (receiving an incoming transfer or transfers and then withdrawing or transferring them to other persons).
5. Opening accounts by non-residents shortly after their entry into the state.
6. Customer unexpectedly liquidate his personal assets, retirement accounts and personal property.
7. Commercial entity's accounts are used to receive or pay large sums of money, yet there are no operational activities associated with the account, e.g., paying salaries, invoices, etc.
8. Use of joint accounts by different persons who do not have a clear economic relationship.

Indicators Related to Geographical Location:

1. Frequent change of address, telephone number, account holders or persons authorized to act.
2. Transfers received to beneficiaries belonging to states linked to terrorist activities.
3. A number of customers transfer funds to the same beneficiaries in high-risk states.
4. One customer transfers money to different beneficiaries in high-risk states.
5. Frequently sending or receiving cross-border transfers of small amounts to or from unrelated persons.
6. Additional sums paid to a student's account in a foreign state by organizations that have no economic relationship.
7. Long-term residence abroad for unemployed persons who receive wages from the government.
8. Customer's regular travel to conflict areas or areas surrounding conflict areas, where travel expenses are paid in cash.