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From Bitcoins
to bombings
Tracing the financial
activities of terrorist
recruitment



relations@acuminor.com
www.acuminor.com

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Imagine an act of terrorism in the Middle East, funded by a group of young men spread across Europe. It originates from a recruiter, assigned by a terrorist organisation, establishing contact with individuals inclined to sympathize with Islamist causes. Slowly but surely, the base of the network in question grows, as well as donations from thousands of new recruits. The financial transactions themselves are often nearly impossible to track for law enforcement agencies, creating a shadow economy for terrorist activity. Thus the recruitment effort is successful.

Such is a common chain of events, involving not only individuals involved in the specific act – but also financial institutions and actors. The pitfalls are apparent.

The role of the recruiter is, actively or passively, to mobilize and involve new members of said terrorist organisation. Thus, the short-term goal is to increase the base potential organizationally, the long-term mission is to further the ideas and goals of the group itself. Recruiters are ordinarily not directly involved in terrorist acts. Instead, their main interest is the dissemination of terrorist doctrine and the recruitment of new members. In broad terms, these activities can be summarized as:

- Developing or distributing propaganda material
- The training of recruiters and recruits
- Care for the expenses of new recruits

In Europe, recruitment often occurs online, through social contacts in underprivileged urban areas, at specific religious gatherings and in correctional facilities. Socio-economic grievances of Muslim immigrants are exploit-

ed by terrorist groups in order to incite terrorist activities. Some segments of the Muslim population in the EU are appealed by official IS ideology, especially the prospect of eternal martyrdom. Social media channels are especially potent as a catalyst of recruitment.

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European Security Services states that there are recruitment efforts carried out by specific individuals attending mosques in certain areas. According to law enforcement intelligence units these recruiting efforts occur where there are large concentrations of young men. Especially in cases of former fighters from conflict areas, expertise in weapons and bomb-making and combat experience can be utilized within the broader terrorist network. Due to hurdles in regard to prosecuting foreign fighters when they return to Europe, some have the resources to strengthen the support networks in EU countries. As a result, more people may be recruited to the terrorist network.

The active recruitment itself is carried out as a personal contact between recruiter and potential recruit. Usually, these activities in themselves do not require substantial funds. What draws financial support from the larger terrorist network is rather living expenses. However, in cases of passive recruitment – e.g. media campaigns, online presence, magazines – there are certain fixed costs related to maintaining flows of information.

Generally, recruiters utilize funds in particular patterns. These can be summarized as:

- Expenses linked to the recruiter personally or the recruitment network at large
- Transportation, accommodation and costs related to the forgery of identifications
- Payments to new recruits, the hiring of mercenaries and the employment of civilian expert
- Recruitment material such as online content, books, magazines and leaflets
- Renting premises for activities related to the joint recruitment efforts

All these modes of financing require the distribution of funds, sometimes relying on money laundering schemes. However, there is no clear international definition of what constitutes terrorist recruitment financing. The lack of a concise and clear definition regarding recruitment financing creates problems for companies and organizations seeking to fulfill their legal and ethical requirements. In broad terms, recruitment financing includes any funds used, actively or passively, to recruit members to join a terrorist organisation or to pursue its goals.

Regarding the specific funding of individual recruiters the sources of income vary. Some individual recruiters rely on self-funding, while others facilitate the financial infrastructure of the terrorist network in question. The use of virtual currencies is encouraged in online campaigns to finance new recruits.

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There are principally three sources of income for the recruiter:

- Support channeled directly from terrorist organizations
- Donations, including misuse of nonprofit organizations (NPO's), as well as crowdfunding
- Resources from criminal activity

These costs may not be extensive unless the network also facilitates recruits' early participation in the terrorist organization. For example, a terrorist group may conclude that regular or one time payments for associated costs or personal upkeep is strategically desirable.

The financial compensation for the recruiter differs. In one case study, the terrorist organization compensated the recruiter USD 800 for each new member he recruited. In the cases of small donations or self-funding, a common source of income, these transactions are often complicated to detect. Recruitment activities online are usually closely linked to appeals for financial assistance to terrorists. Consequently, funds can swiftly be transferred to the terrorist organization and contribute to the growing of its ideological base.

A large part of recruitment financing occurs before the targeted individual joins a terrorist organization. Thorough and rigorous financial analysis of suspected recruiters is essential in order to establish if external funding is supporting terrorist causes and if there is a broader network of financial facilitation. Without further cooperation between financial intelligence units across countries and strong risk identification capabilities in the financial industry, these efforts risk being futile. ■