

Countering terrorist financing and victim-based crime in South East Asia

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This is a joint media release between the Philippines' Anti-Money Laundering Council (AMLC), Indonesia's financial intelligence unit (PPATK) and AUSTRAC.

Today, the fifth Counter-Terrorism Financing (CTF) Summit begins in Manila, the Philippines.

The CTF Summit brings together leaders in financial intelligence along with senior representatives from regulatory, national security, law enforcement, industry and academia, from across the region and the world.

In 2019, the CTF Summit continues to expand its scope beyond countering terrorist financing, and will consider ways to address significant regional threats such as the abuse of new financial technologies, corruption in the region as well as victim-based crimes such as human and wildlife trafficking and child sex exploitation.

Hosted by the Philippines' Anti-Money Laundering Council (AMLC) in partnership with the Summit's co-founders, the Indonesian financial intelligence unit (PPATK) and Australia's financial intelligence agency (AUSTRAC), the 2019 CTF Summit will:

- identify and share counter-terrorism financing strategies between countries in the region
- address regional high-risk money laundering threats
- provide operational guidance to counterparts and private sector on digital currencies and virtual assets
- present the outcomes from the pilot of a secure information-sharing platform to allow real-time intelligence sharing and collaboration between regional financial intelligence bodies.

"Fighting terrorism means teamwork among local and international stakeholders," says AMLC Chairman Benjamin E. Diokno.

"It is through avenues of sharing and potential collaboration across all sectors concerned that we are able to synergize our efforts and, ultimately, rethink our strategies in beating terrorists and their financiers at their own game," Chairman Diokno said.

Chairman Diokno also notes that the CTF Summit's discourse has gone beyond its name to include money laundering and other offenses as the terrain of financial crime grows.

AUSTRAC CEO Nicole Rose PSM said the CTF Summit has evolved into a globally recognised example of multilateral cooperation focussed on terrorist financing and serious transnational crime.

“Terrorist and organised crime groups are increasingly sophisticated international organisations and it is essential that we unite as a region to combat these threats together. The CTF Summit continues to facilitate important regional initiatives, and cooperation and trust between financial intelligence units in the region has never been stronger,” Ms Rose said.

Head of PPATK, Kiagus Ahmad Badaruddin highlighted the CTF Summit’s role as a forum that facilitates new ideas and firm commitments to collaboratively address money laundering and terrorist financing in the region.

“Entering its fifth year, the CTF Summit increasingly demonstrates its crucial role in formulating joint actions and commitments to combat other transnational organised crimes such as corruption, human trafficking, and child sex exploitation,” Mr. Badaruddin said.

A key example of this broadening commitment occurred this year with Indonesia and Malaysia leading a team that included representatives from Australia, Brunei Darussalam, New Zealand, the Philippines, and Singapore in conducting research into the transnational laundering of the proceeds of corruption in our Region.

Some important findings from this research include:

- Politically exposed persons in ASEAN with influence in their countries over the natural resources sector, were found to have the highest vulnerability to corruption either by embezzlement or bribery.
- The most influential politically exposed persons have access to complex and sophisticated money laundering schemes. These schemes are designed to hide the origins of the funds and involve the movement of funds through multiple jurisdictions within and outside the ASEAN region.
- Often schemes such as these are provided by criminal professional facilitators, using banks that are foreign to the source of the initial corrupt proceeds.
- The proceeds of corruption from countries outside the ASEAN + region were also considered in this research. The threat of these funds being laundered within the ASEAN region is considered high.

The paper proposes a range of practical measures that regional financial intelligence units, anti-corruption agencies and law enforcement can do individually and collectively, to reduce the significant social and economic impacts of high value, trans-national corruption in the ASEAN region.

The CTF Summit will also consider the emergence of new financial technologies and the money laundering and terrorist financing threats they pose.

Varying regulatory standards throughout the region in regards to virtual currencies create gaps that can be exploited by criminals. This threat has been considered in a study paper led by Indonesia and contributed to by ASEAN, Australia and New Zealand financial intelligence units.

The paper identifies some specific risks in new financial technology and provides operational guidance and recommendations to regional authorities and those in the private sector are seeking to address these risks.

The theme of the 2019 CTF Summit is 'Together United—Strengthening Our Region' and the outcomes will be declared in the Manila Communique at the Summit's conclusion on 14 November 2019.