



Date: 25 October 2021

To: All Registrants and Licensees

Re: Financial Action Task Force (FATF) Public Statement on the Financing of ISIL, Al Qaeda and Affiliates

Registrants and licensees of the Securities Commission of The Bahamas (“the Commission”) are hereby informed that on 21 October 2021, the FATF issued a public statement regarding the recent trends being used to generate revenue by ISIL, Al Qaeda and their affiliates.

In addition to legal sources of revenue, the FATF in its public statement has identified the looting of civilians and businesses, kidnapping for ransom, extortion of oil networks in Eastern Syria, investments in small and medium sized businesses, and possibly the trafficking of human beings and antiquities previously looted, as the focus of revenue generation for ISIL.

The FATF’s public statement also identifies contributions and donations from supporters, proceeds from criminal activities (drug trafficking, extortion, kidnapping, and illicit taxation of smuggled goods), investments in legal businesses and the collection and transfer of funds under the disguise of charitable activities, as streams of revenue generation for Al Qaeda and its affiliates.

Additionally, the FATF’s public statement identifies the increase of online propaganda and the use of new payment technologies, including virtual assets, by ISIL, Al Qaeda and their affiliates to raise, move, and deploy funds.

A copy of the FATF’s October 2021 public statement is attached hereto, and can be found at the following web address:

1. <https://www.fatf-gafi.org/publications/fatfgeneral/documents/statement-isil-al-qaeda.html>

In this regard, registrants and licensees are reminded of their obligations under the various International Obligations (Economic and Ancillary Measures) Act notices issued by the Commission regarding ISIL, Al Qaeda and their affiliates, and the International Obligations (Economic Ancillary Measures) (Afghanistan) Order, 2019 (“the Afghanistan Order”). The Afghanistan Order can be found on the Commission’s website at the following web address:

1. <https://www.scb.gov.bs/wp-content/uploads/2019/04/Afghanistan-Order-09102018.pdf>

A copy of this notice can be found on the Commission’s website.

Please direct any inquiries concerning this notice to the Commission at:

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FATF Public Statement on the Financing of ISIL, Al Qaeda and Affiliates

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Paris, 21 October 2021 - The threat of terrorism remains serious in many regions of the world. The FATF notes with grave concern a series of terrorist attacks recently in Afghanistan, Iraq and many other regions, including Africa and South Asia. These attacks, either claimed by ISIL (Da'esh) and its affiliated groups, or conducted by lone attackers inspired by them, have killed or injured hundreds, many of them innocent civilians. Meanwhile, Al Qaeda and other terrorist organisations continue to pose a serious threat to international stability, security and peace.

The territorial defeat of ISIL in 2019 has significantly impacted its ability to generate revenue. However, the group is still able to raise and receive funds, through legal and illegal sources, and maintains roughly USD 25-50 million in reserves. These funds help the group to sustain some activities and to seek a potential resurgence. Proceeds generated from criminal activities remain an important financing source for ISIL. In response to its decreased revenue, ISIL has focused on looting local civilians and businesses, and has generated funds through kidnapping for ransom, extortion of oil networks in Eastern Syria, and possibly through the trafficking of human beings and the trafficking of antiquities previously looted. ISIL also generates funds from investments in small and medium sized businesses.

Similarly, Al Qaeda and its affiliates have consistent streams of revenue generated from various sources, including contributions and donations from their supporters, proceeds generated from criminal activities such as drug trafficking, extortion, kidnapping and illicit taxation of smuggled goods, as well as revenues generated from investments in legal businesses. In some cases, these groups collected and transferred funds under the disguise of charitable activities.

Since 2020, both ISIL and Al Qaeda have increased their online propaganda, either to incite unaffiliated individuals to launch attacks, or to raise funds. The risk of self-financed, radicalised lone actor terrorists remains significant. Both groups have increasingly turned to new payment technologies to raise, move and deploy funds. As a result, the use of virtual assets by terrorists remains a risk. In addition, the risk emanating from expansion of affiliates of ISIL and Al Qaeda has been increasing over the past years.

Under the German presidency (2020 - 2022), the FATF continues its strategic focus on countering terrorist financing. It has already completed projects to analyse the terrorist financing risks associated with illegal arms trafficking and with ethnically or racially motivated terrorism. It has also launched projects to study the ML/TF risk emanating from migrant smuggling. Meanwhile, the FATF continues to gather and share information on the financing of ISIL, Al-Qaeda and their affiliates. The FATF will produce updated risk indicators to help the public and private sectors detect terrorist financing.

The FATF calls on all jurisdictions to disseminate this statement and all relevant guidance produced by the FATF to relevant stakeholders, including the private sector. The FATF also urges all jurisdictions to swiftly and fully implement the FATF Standards.

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