



Criminal Finances Bill

Terrorist financing

- Combating terrorist financing is an important part of our response to terrorism and a core and integral part of our broader strategic approach to tackling financial crime.
- This Bill will add to the ability of UK law enforcement to identify, investigate and disrupt terrorist finance activity and work effectively with private sector partners.
- As we improve money laundering and civil recovery legislation through the Bill, it is important that the following powers are also provided for under terrorism legislation:
 - enhancing the ability of the regulated sector to share financial information.
 - permitting the NCA or police to request further information in relation to a suspicious activity report, to enable a more informed decision on whether to investigate or not.
 - introducing disclosure orders, an effective and flexible means of obtaining information in an investigation.
 - allowing law enforcement agencies to seize funds held in bank accounts and certain portable items of property (such as precious metals and jewels), to prevent the funding of terrorism.
- We are also extending certain investigative powers contained within the Terrorism Act 2000 and the Anti-Terrorism, Crime and Security Act 2001 to designated civilian financial investigators.

Background

- Terrorists need money, not only to fund attacks but also to fund the travel, false documents, safe houses, food, bribery, training, and recruitment which a terrorist organisation needs to function.
- Part 3 of the Terrorism Act 2000 criminalises terrorist financing and makes it an offence to: use, possess, or raise funds for the purposes of terrorism, or enter into arrangements to provide funds or property for that purpose. The Anti-Terrorism Crime and Security Act 2001 allows for the seizure of terrorist cash.
- Terrorist financing will feature in the 2016 update of the counter-terrorism strategy, CONTEST, as an ongoing priority and challenge.
- The National Risk Assessment published in October 2015, and the UK's Action Plan in response to that risk assessment published in April 2016, concerned both money laundering and terrorist finance.
- The amounts of monies involved in terrorist financing offences are generally much lower than for money laundering. Unlike most forms of financial and organised crime, raising money is not the ultimate goal of those involved in terrorist financing – the funding needed for a terrorist attack can be very low.
- Financial investigation is a key tool in the detection, investigation and prevention of terrorism and terrorist financing. These new powers will sit alongside the existing suite of powers that law enforcement agencies can use to investigate offences and safeguard the UK's financial systems.
- The Government is committed to ensuring legislation on money laundering and terrorist financing remains in step with the threat.

Key facts

- Between October 2014 and September 2015 the NCA received 381,882 SARs, of which 1,899 were linked to terrorism.
- Since 2001, 62 persons have been charged under terrorism legislation (TACT 2000) with terrorist fundraising offences.

“We must cut off terrorists' access to funds, enable authorities to better track financial flows to prevent devastating attacks such as those in Paris.”

Valdis Dombrovskis, Vice-President European Commission, February 2016

“Money launderers and terrorist financiers exploit both the complexity inherent in the global financial system as well as differences between national laws and systems, and they are especially attracted to jurisdictions with weak or ineffective controls where they can more easily move their funds without detection.” IMF, October 2016



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Why is new legislation needed?

- The threat from terrorism is serious, diverse and constantly changing. It is vital to send a strong message that the financing of terrorism will not be tolerated.
- The Government has a duty to ensure that our law enforcement agencies are able to counter terrorism effectively and keep the public safe in light of the ever evolving threat picture.
- Given the nature of the threat and, in particular, the potential threat to life that is implicit with terrorism cases, the Government is committed to ensuring that the law enforcement capabilities in respect of terrorist finance are as strong as those for countering money laundering.
- In some places, the measures in the Bill are slightly different for terrorist finance than for money laundering. This takes account of differences in the threat and the law enforcement structures in place for each threat area.

What international standards are the UK's response to combatting terrorist finance measured against?

- When it conducts its Mutual Evaluation Report on the UK in 2017, the Financial Action Task Force will evaluate how effective our regulatory standards, legislation and law enforcement response to terrorist finance is, alongside our response to money laundering.
- Our cooperation and engagement with international partners is also a key part of our strategy to counter terrorist finance. The Government has taken the lead within the international community on Kidnap for Ransom (KfR) policy, sponsoring a UN Security Council Resolution in 2014, and works closely with international partners to support the effective use of financial sanctions regimes.

What are the differences between money laundering and terrorist finance?

- The vulnerabilities in the financial sector which are at risk of being exploited and the tools that are needed by law enforcement agencies to combat these financial crimes (and the more harmful activity which they enable) are also largely the same. However, unlike a lot of financial crime, raising money is not the ultimate aim of terrorists.
- The lower amounts of monies and the lower volume of terrorism-related reporting from the financial sector does not signify a lesser threat; the potential impact on national security of a terrorism-linked financial movement could be significantly higher than the potential impact of money laundering.

Why are terrorism powers being extended to civilian police staff?

- Legislation needs to keep pace with changes in the police workforce.
- Investigations into terrorist financing offences are regularly supported by civilian Accredited Financial Investigators (AFIs) in the police but AFIs are currently limited by lack of access to investigative powers available under terrorism legislation.
- By giving AFIs the ability to directly exercise certain financial investigation tools, we can free up police officers to focus on aspects of the investigation that really need a warranted officer.
- Equivalent investigative and civil recovery powers are available to AFIs for non-terrorism investigations under the Proceeds of Crime Act 2002.

What safeguards have been included for powers in the Bill?

- Powers in the Bill will be subject to appropriate safeguards, examples include senior officer authorisation, judicial oversight or operation in accordance with a Code of Practice issued by the Secretary of State.