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COUNTERMEASURES AGAINST THE INTERNATIONAL TERRORISM WITHIN THE BANK SYSTEM AND ROLE OF MASS MEDIA AND EDUCATION IN THIS PROCESS

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Abstract

This article describes key issues in the financing of international terrorism through the banks as a link and the role of mass media and education in this process. Despite to the official position of the international financial organizations on zero tolerance towards the international terrorism, it is obvious that the current banking procedures and practices worldwide need to be improved on a day-to-day basis in order to prevent money laundering for terrorist activity. The article for the first time provides analysis of recent developments in financial regulations and measurements introduced in the Russian Federation, US and countries of EU as they are presented in the mass media worldwide. The results of the research can be applied for the recommendations to the regulatory bodies and education of the future experts and journalists that will confront international terrorism more effectively.

Keywords: international terrorism, media, financing of terrorism activity, banks, cyber terrorism, money laundering, training of antiterrorism experts.

International terrorism cannot exist without financial injections. Both cash and bank transfers make money infusions. In the noble confrontation of the good half of humanity with the evil called Terror, the banks have a specific role. It is obvious that that the connection between international terrorist organizations and those who finance them is greatly concealed. Moreover, the past decade has provided many examples of the mutually beneficial relationship between terrorist organizations and the media [1].

While determination of all links in this chain and termination of terrorist attacks are the main tasks of the state security agencies, the international financial organizations, including banks such as World Bank, EBRD, ABRD and others in their statutory documents officially declare their zero tolerance towards the international terrorism by introduction of a number of procedures and practices to prevent money laundering and misuse of funds [2].

On the one hand, technological progress and wide use of internet in the past decade enabled terrorists to widely utilize media tools not only for declaring and spreading their malicious messages to the global audience via websites, social networks and online platforms [3], but also for the benefit of their recruitment, operational efficiency, collecting information and fund raising [4]. On the other hand, the role of the official news media like BBC, CNN, The Guardian, New York Times etc. is critical in the process of informing the society about the activity of terrorists, measures and countermeasures taken against them, also for increasing social awareness and changing the educational system in order to train highly qualified experts that could create and be a part of an adequate counterterrorism system.

The current lack of such specialists is caused by the defects in the educational system and its failure to comply with fast-changing challenges in the global security, as there is no linkage between the educational programs in economics, legal disciplines, journalism and public relations, crisis management, security and other counterterrorism studies which are interrelated with the international terrorism.

In order to receive funds international terrorists conduct well-coordinated work, involve fraudsters and recruit software experts for finding sources of income for their activity: a) they generate threats and risks for the banks to be hacked internally and at a distance; (b) they reduce the banks' ability to identify operations conducted for terrorists, which mainly include transfers of funds from their sponsoring organizations or individuals via internet and other media. In this regard, it is worth noting that there are different groups of terrorists threatening the banks: hackers refer to the computer terrorism and religious extremists that refer to Islamic terrorism.

Nonetheless, these two groups contribute to the international terrorism, often collaborate with each other and widely use mass media for achieving

mutual goals. For instance, there were messages in media about ISIS attempting to receive an access to cyber technologies and recruiting software experts for this [5].

Security measures aimed to identify sources of financing of the international terrorism and to restrain the flow of funds masked as ordinary transfers and received by terrorists, are being introduced in the Russian Federation. Rosfinmonitoring (Russian Financial Supervising Agency) provides banks with the names of “black-listed” organizations and individuals proved to be or suspected in engaging in the international terrorist activity.

Russian bank employees have to check all transactions and transmitters of substantial sums of money in the foreign currency and if a transmitter is “black-listed”, they shall immediately report to Rosfinmonitoring, which further contacts special governmental bodies. So far, there are over 4 thousand entities in this “black-list” [6].

On the one hand, in this scheme the banks only play the role of an intermediary or link in this chain, though it is obvious that without the banks the scale of international terrorism would be much smaller due to the lack of funds.

Therefore, the world community and banks themselves greatly focus on the aspects of security and integrity of the bank operations and internal control procedures. Moreover, potentially a large bank might become a target of the international terrorists. At the same time, international terrorist organizations and their leaders clearly understand the importance of the banks in supporting their harmful activity.

They somehow manage to continue transferring, withdrawing and storing money and other valuables in the banks. The banks in return treat them as the clients and continue rendering services to the international “evil” due to the ineffective procedures for tracking money laundering transactions and failure to find out how clients actually spend the transmitted funds.

Each nation has its own structure for enforcement or compulsory execution of obligations but there are transnational issues related with this as well. Following a long tradition but particularly after September 11, 2001, numerous lawsuits have been prosecuted in US courts regarding activities by both local banks and banks outside the US for the possible facilitation of terrorism.

In this context, among other things, the issue of bank liability for negligence in regard to terrorism has been disputed in court. The even greater question of what constitutes a terrorist organization is of course the background to any such discussion. This is a political question and obviously not all governments agree on the nature of certain organizations, including financial organizations. This fact consequently complicates actual bank supervision practice locally and by extension the international cooperation.

Other aspects can be tangential to the financing of terrorism through banks. In EU contexts, these financial organizations are going through a supervision standardization process regarding issues such as solvency, tax evasion, money laundering and financing of terrorism.

In practice, this means there are still some loopholes. In the case of tax evasion, EU institutions appear to have adopted much of the structure set in place by the US. Individual EU members or other states sign an agreement with the US. Bank clients, both private and corporate, must declare the origin of their funds by completing a number of documents, including a FATCA (Foreign Account Tax Compliance Act) form, which is officially designed to prevent US taxpayers from evading taxes and was a part of the Hiring Incentives to Restore Employment (HIRE) Act of 2010 [7].

However, in practice this form procedure can reveal many other facts of interest such as relations between account holders, major beneficiaries of trusts or companies or monetary flows. Under the Agreement, a European entity which is considered a FFI (foreign financial institution) or a NFFE (non-financial foreign entity) will generally be required to register with the US Internal Revenue Service (IRS), and undertake certain documentation, due diligence, withholding and information reporting obligations in respect of the financial accounts it maintains.

Such required documentation should be provided to the country's Tax Agency, which should exchange the information with the IRS.

For example, Sweden signed this agreement in 2014, in practice incorporating US legal provisions into their own set of laws.

The whole issue of institutions and financing of terrorism is under discussion in the European Union and it is likely that criteria for blacklisting will change. The EU Commission has a blacklist of countries deemed at risk of money laundering and terrorist financing.

In January 2017, the EU Parliament sent the list back for reworking with the remark that the list is too limited and should be expanded, for instance, it should include territories that facilitate tax crimes.

The Commission currently lists eleven countries, which it judges to be deficient in countering money laundering and terrorist financing. People and legal entities from blacklisted countries face tougher than usual checks when doing business in the EU. There is also a grey list with fewer checks as compared to the black list.

The deficiency of comprehensive international supervision creates a vicious circle, where banks fulfill their mission, as a result, money freely flows worldwide, and only the relatively few suspicious entities reported to the competent authorities are revealed and their transactions are terminated.

Considering this situation, special destructive structures are likely to operate under the guise of banks or credit organizations or involve shady banks

in different jurisdictions in order to finance international terrorists. It is, of course, the task of Interpol and other specialized security agencies to find out and remediate such structures and terrorists themselves.

However, the role of the official news media is important in the process of informing the society via all sources of information delivery about such developments, actions, tools and possibilities of international terrorists, including their cyber activities. Furthermore, the regulation of the media sector, especially the internet, is still a hard dilemma between censure and the press freedom as a foundation of the democratic society. These countermeasures can inter alia include tracking their activities in internet and social media, and preventing the spread of radical materials and sources of malicious information from specific websites [8].

Only well-coordinated measurements taken worldwide by the governments, security agencies and strong public attention to this issue, usage of accumulated antiterrorism experience, world's best practices which include enacting laws and policies to punish the ones using the internet to provoke the public, recruit, train and propagandize terrorism will in a long term prevent potential attacks in the future and decrease the number of innocent victims all over the world. It is also worth noting that the educational system aimed for training generation of highly qualified experts in the Terrorism related studies can bring us closer to the safe world and enable us to confront international terrorism in a more efficient, responsive and cooperative manner.

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