

# Why Following the Money Leads to Terrorists

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Articles & Testimony

**T**he UN has just added three financiers to its terrorism list for providing financial support to al-Qaeda and other terrorist groups. This would be heartening news but for the fact that it took the UN more than a year to do this, even though the US Treasury had designated the three Kuwaitis supporters of terrorism, a full 13 months ago.

Does such tardiness matter? Hardly, according to the political scientist Ibrahim Warde, whose latest book *The Price of Fear* denounces such efforts as a waste of time or worse, ruining innocents and hampering world trade. The hunt for terrorist money is more political grandstanding than effective policy, according to Warde and a host of other academic critics.

Even after six years of following and freezing terrorists' funds, intelligence officials in both the US and Europe warn that al-Qaeda still has both the intention and the capability to conduct potentially devastating attacks.

But combating terror finance remains -- and should remain -- central to counterterrorism strategy. As deputy chief of the US Treasury's Office of Intelligence and Analysis, I saw first-hand the utility of denying terrorists access to the funds they need to carry out their plot.

Having left government service, I have lectured widely to think-tanks, bankers and governments in Europe over the past year. In contrast to the academics they understand perfectly well why it helps to prosecute, or at least name, those who finance terrorism.

Terror attacks are in themselves inexpensive and not infrequently funded by local cells through criminal activity -- the Madrid bombings, for instance. But considerable funds are needed to maintain terror networks -- for recruitment, training, travelling, planning operations, bribing corrupt officials and so on.

To eliminate or reduce a cell's means of raising and transferring funds is to degrade significantly its capabilities. As difficult as it may be to deter a suicide bomber, terrorist designations can deter non-designated parties. Major donors inclined to finance extremist causes may think twice before putting their personal fortunes at risk.

Unlike information derived from human spies or satellite intercepts, which require considerable vetting to determine their authenticity, a financial transfer is a matter of fact. Raising, storing and transferring money leaves a financial trail that investigators can follow.

The British authorities foiled the summer 2006 liquid explosive aviation plot thanks in large part to financial intelligence. Following the money will at a minimum make it harder for terrorists to travel, procure materials, provide for their own families, or radicalise others.

It can also force terrorists out of hiding. Financial intelligence played an important role in the capture of Hambali, the operations chief of Jemaah Islamiya and mastermind of the 2002 Bali bombing.

Designations and securing convictions for material support for terrorism are only the most visible of the tools in the counter-terrorism arsenal. In itself, following or freezing terrorists' assets will never drain the swamp of all available funds.

But it should not be under-estimated as a deterrent, nor as an effective way of disrupting logistical and financial support networks.

This view is confirmed by the terrorists themselves. In 1995, captured World Trade Center bomber Ramzi Yousef was flown over the twin towers on his way to a New York jail. When an FBI agent pointed out that the towers were still standing, Yousef replied: "They wouldn't be if I had had enough money and explosives."

Even today, terrorists lament their lack of funds and how it limits their capabilities. Mustafa Abu Yazid, reportedly the al-Qaeda chief in Afghanistan, broadcast an appeal this year complaining that: "In Afghanistan the mujahedeen especially need money. We have hundreds of volunteers for martyrdom operations, but don't have the money to equip them."

Abu Yazid knows what it's like to be strapped for cash; the US Treasury designated him as a terrorist in the wake of the 11 September 2001 attacks that he helped finance.

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