TF Factsheet

What is Terrorist Financing?

1.

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In general terms, the financing of terrorism ("FT") is the financial support, in any form, of terrorism or those who encourage, plan or engage in terrorism. FT differs from money laundering in that the source of funds can either be legitimate, such as an individual's salary, crowdfunding or charity donations, or illegitimate, often the proceeds of crimes such as fraud, drug trafficking or kidnap for ransom.

2.

Identifying TF

Usually, the focus of scrutiny for potential FT activity will be the end beneficiary and intended use of the money or assets. A terrorist financier may only need to disguise the origin of the property if it was generated from criminal activity but in the vast majority of cases they will seek to disguise the intended use i.e. the act of terrorism. This can make terrorist property sometimes difficult to identify.

3.

Financing Terrorism

Terrorist organisations, and lone actors, raise funds to:

- carry out terrorist acts;
- spread their ideology and recruit people to their cause;
- pay for travel and transport;
- purchase weaponry and ammunition;
- support involved persons, for example by providing food and accommodation to foreign terrorist fighters and their family members and by funding terrorist cells.

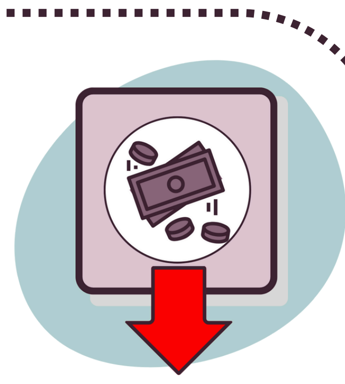
4.

Raising Funds

The list below details some methods used by terrorist organisations:

- membership fees;
- group paraphernalia e.g. flags and clothing;
- concerts/ticketed events;
- donations.

5.



The Cost of Terrorism

Whilst the above may suggest the cost associated with terrorism is high, the cost of an attack capable of having a devastating effect on people's lives can be nominal.

For example, the 2017 Manchester Arena attack cost less than £100 using ingredients purchased online. In the same year the London Bridge attacker used knives costing just £4.

6.

More Information

- IoM AML/CFT Overview page
- IoM Financial Crime Strategy 2024 - 2026
- **IOM TF NRA (2025)**
- IoM Financial Sanctions Relating To Terrorism Guidance

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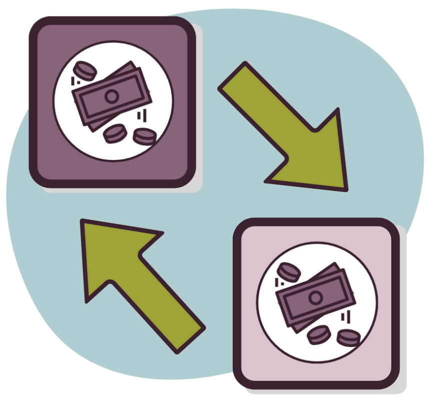
The Stages of Terrorist Financing

The below model illustrates the stages which may form part of the FT process. It should be noted that not all of these steps are required as part of the process. TF will often come from legitimate sources of funds but there will be an attempt to disguise the destination of these funds .

Raising

TF may involve funds raised from legitimate sources such as personal donations and profits from businesses and charitable organisations, or from criminal sources such as drug trafficking, fraud, smuggling of weapons and other goods, kidnapping and extortion.

Moving



Terrorist financiers use different channels to move funds and assets, including through the banking sector, money service business (MSB) sector, cash smuggling etc. This can include within the Gambling sector.

Storing

Funds are stored and moved again between various places. The funds can be stored for months or even years before being used. This can be in e-wallets, cryptocurrency wallets or other bank accounts.

Obscuring

Funds are obscured in an attempt to avoid law enforcement. This can be done through surfing / multiple transactions, using corporate structures and moving funds on/off the Island to make funds harder to trace.

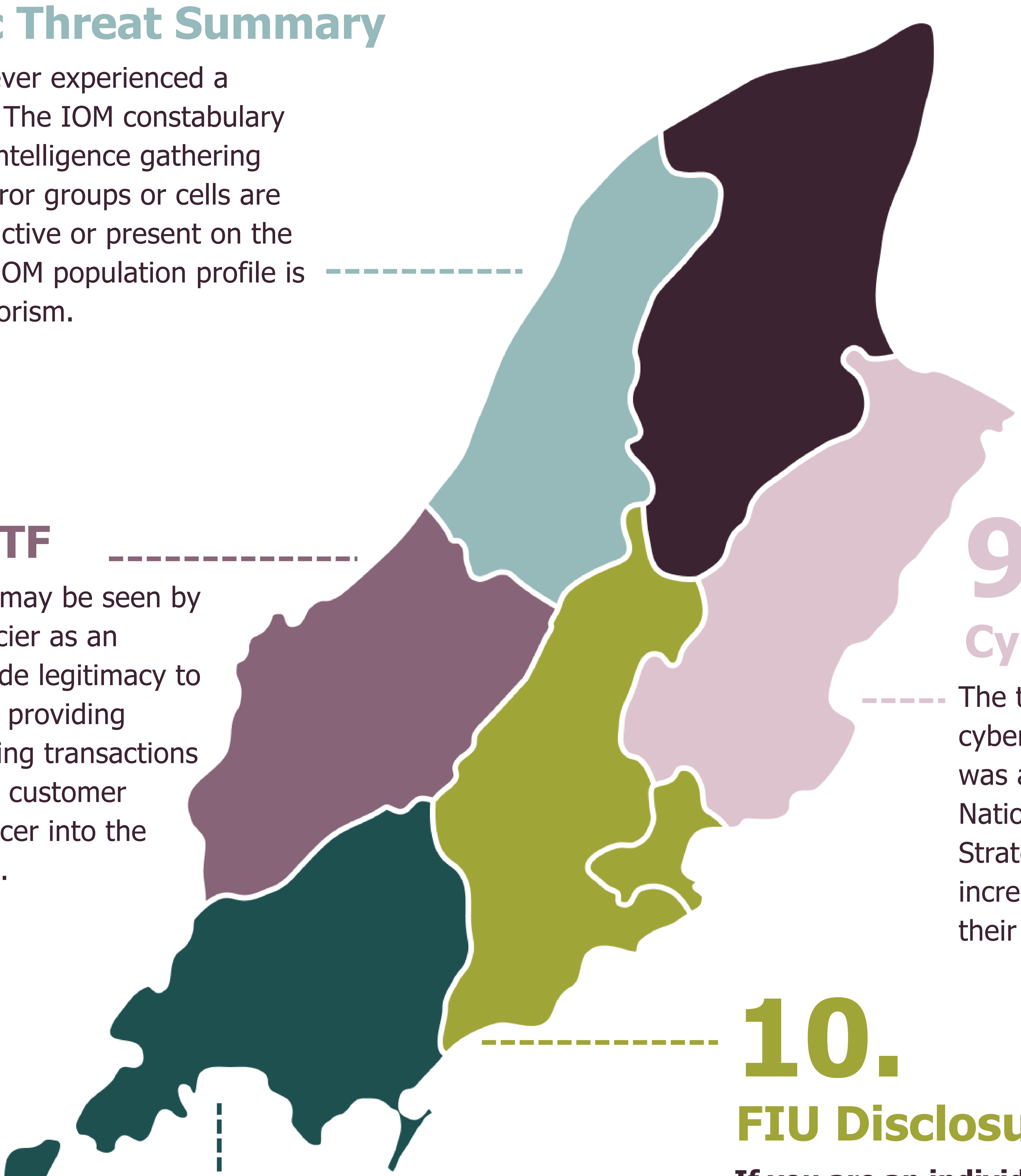
Managing

Managing is knowingly facilitating the retention or control of terrorist property (this could be funds (cash) but could also be virtual assets (eg. Crypto) and physical goods) by disguising them.

Using

Funds are spent on terrorist activity. This could be anything from a lone actor purchasing a knife from a supermarket retailer, to an organised group spending millions on weapons and tools to facilitate large-scale terrorist acts.

2025 TF National Risk Assessment



7. Domestic Threat Summary

The IOM has never experienced a terrorist attack. The IOM constabulary has a relevant intelligence gathering strategy. No terror groups or cells are believed to be active or present on the Island and the IOM population profile is low-risk for terrorism.

8. Enabling TF

Various sectors may be seen by a terrorist financier as an enabler to provide legitimacy to transactions, by providing advice, performing transactions on behalf of the customer or as an introducer into the financial system.

9. Cybercrime

The threat from terrorists using cybercrime to aid their causes was also highlighted. The IOM National Cyber-Security Strategy 267 emphasises the increase in threats, as well as their increasing sophistication.

10. FIU Disclosure

If you are an individual and wish to make a disclosure to the FIU please contact 686000.

11. Work within the regulated sector?

If you form your suspicion as part of work within the regulated sector, make a report to your Money Laundering Reporting Officer (MLRO) or Deputy Money Laundering Reporting Officer (DMLRO).

The National Risk Rating for TF is Medium Low.