



## Commission presents Action Plan to strengthen the fight against terrorist financing

Strasbourg, 2 February 2016

### **The European Commission is today presenting an Action Plan to strengthen the fight against the financing of terrorism.**

The recent terrorist attacks in the European Union and beyond demonstrate the need for a strong coordinated European response to combatting terrorism. The European Agenda for Security had identified a number of areas to improve the fight against terrorist financing. Today's comprehensive Action Plan will deliver a strong and swift response to the current challenges, building on existing EU rules and complementing them where necessary. Through concrete measures, it will adapt or propose additional rules to deal with new threats.

First Vice-President Frans **Timmermans**, said: " *We have to cut off the resources that terrorists use to carry out their heinous crimes. By detecting and disrupting the financing of terrorist networks, we can reduce their ability to travel, to buy weapons and explosives, to plot attacks and to spread hate and fear online. In the coming months the Commission will update and develop EU rules and tools through well-designed measures to tackle emerging threats and help national authorities to step up the fight against terrorist financing and cooperate better, in full respect of fundamental rights. It's crucial that we work together on terrorist financing to deliver results and protect European citizens' security*"

Vice-President Valdis **Dombrovskis**, in charge of the Euro and Social Dialogue, said: " *With today's Action Plan we are moving swiftly to clamp down on terrorist financing, starting with legislative proposals in the coming months. We must cut off terrorists' access to funds, enable authorities to better track financial flows to prevent devastating attacks such as those in Paris last year, and ensure that money laundering and terrorist financing is sanctioned in all Member States. We want to improve the oversight of the many financial means used by terrorists, from cash and cultural artefacts to virtual currencies and anonymous pre-paid cards, while avoiding unnecessary obstacles to the functioning of payments and financial markets for ordinary, law-abiding citizens.*"

The Action Plan will focus on two main strands of action:

- Tracing terrorists through financial movements and preventing them from moving funds or other assets;
- Disrupting the sources of revenue used by terrorist organisations, by targeting their capacity to raise funds.

### **Preventing the movement of funds and identifying terrorist funding**

Terrorists are involved in a variety of both licit and illicit activities to finance terrorist acts. Tracking financial flows can help to identify and pursue terrorist networks. New financial tools and payment modes create new vulnerabilities that need to be addressed. Closing off options for terrorism funding is crucial for security, but measures in this field may also touch on the lives and the economic activity of citizens and companies throughout the EU. This is why the Commission's proposals will balance the need to increase security with the need to protect fundamental rights, including data protection, and economic freedoms.

The adoption of the [Fourth Anti-Money Laundering Package](#) in May 2015 represented a significant step in improving the effectiveness of the EU's efforts to combat the laundering of money from criminal activities and to counter the financing of terrorist activities. It must now be implemented swiftly by Member States. The Commission is calling on Member States to commit to do this by the end of 2016. In December 2015, the Commission proposed a [Directive on combatting terrorism](#) which criminalises terrorist financing and the funding of recruitment, training and travel for terrorism purposes. The Commission is now proposing further ways to tackle the abuse of the financial system for terrorist financing purposes.

We will propose a number of targeted amendments to the Fourth Anti-Money Laundering Directive at the latest by the end of the second quarter of 2016, in the following areas:

- **Ensuring a high level of safeguards for financial flows from high risk third countries:** The

Commission will amend the Directive to include a list of all compulsory checks (due diligence measures) that financial institutions should carry out on financial flows from countries having strategic deficiencies in their national anti-money laundering and terrorist financing regimes. Applying the same measures in all Member States will avoid having loopholes in Europe, where terrorists could run operations through countries with lower levels of protection;

- **Enhancing the powers of EU Financial Intelligence Units and facilitating their cooperation:** the scope of information accessible by the Financial Intelligence Units will be widened, in line with the latest international standards;
- **Centralised national bank and payment account registers or central data retrieval systems in all Member States:** the Directive will be amended to give Financial Intelligence Units easier and faster access to information on the holders of bank and payment accounts;
- **Tackling terrorist financing risks linked to virtual currencies:** to prevent their abuse for money laundering and terrorist financing purposes, the Commission proposes to bring virtual currency exchange platforms under the scope of the Anti-Money Laundering Directive, so that these platforms have to apply customer due diligence controls when exchanging virtual for real currencies, ending the anonymity associated with such exchanges;
- **Tackling risks linked to anonymous pre-paid instruments (e.g. pre-paid cards):** the Commission proposes to lower thresholds for identification and widening customer verification requirements. Due account will be taken of proportionality, in particular with regard to the use of these cards by financially vulnerable citizens.

Other measures will include:

- **Improving the efficiency of the EU's transposition of UN asset freezing measures** and improve the accessibility of UN listings to EU financial institutions and economic operators by the end of 2016. The Commission will also assess the need for a specific EU regime for the freezing of terrorist assets;
- **Criminalising money laundering:** a comprehensive common definition of money laundering offences and sanctions across the EU will avoid obstacles to cross-border judicial and police cooperation to tackle money laundering;
- **Limiting risks linked to cash payments:** through a legislative proposal on illicit cash movements, the Commission will extend the scope of the existing regulation to include cash shipped by freight or post and to allow authorities to act upon lower amounts of cash where there are suspicions of illicit activity;
- **Assessing additional measures to track terrorism financing:** the Commission will explore the need for a complementary EU system for tracking terrorist financing, for example to cover intra-EU payments which are not captured by the EU-US Terrorism Financing Tracking Programme (TFTP).

### **Disrupting the sources of revenue of terrorist organisations**

Illicit trade from occupied areas is currently a primary source of revenue for terrorist organisations, including trade in cultural goods and the illicit wildlife trade. They can also gain from trade in legal goods. The Commission and the European External Action Service will provide **technical assistance to Middle East and North African countries** to fight against the trafficking of cultural goods and provide support to third countries to **comply with United Nations Security Council Resolutions** in this field. Countries in the Middle East, North Africa and South East Asia will also receive support to improve the fight against terrorism financing.

In 2017 the Commission will table a legislative proposal to **reinforce the powers of customs authorities** to address terrorism financing through **trade in goods, for example by** tackling illegal gains through dissimulation of trade transactions, misrepresentation of the value of goods and fictitious invoicing.

Another proposal will address the **illicit trade in cultural goods** to extend the scope of the current legislation to a wider number of countries.

### **Next steps**

The Action Plan lists a number of concrete measures that will be put into practice by the Commission immediately. Others will follow in the months to come. All the actions presented today should be carried out by the end of 2017 (see detailed timeline in [factsheet](#)).

### **Background**

The [European Agenda on Security](#) underlined the need for measures to address terrorist financing in a more effective and comprehensive manner. Steps taken over the past year include the introduction of

criminal sanctions for the financing of terrorism through a proposal for a Directive on combating terrorism, and the European Union's signature of the Council of Europe Convention on the Prevention of Terrorism. The conclusions of the [Justice and Home Affairs Council](#) on 20 November, the [Economic and Financial Affairs Council](#) of 8 December as well as of the [European Council](#) of 18 December 2015 stressed the need to further intensify the work in this field. At the same time, the resolution passed by the United Nations Security Council on 17 December 2015, more specifically targeting funding to Da'esh and extending the former "Al Qaeda" sanction regime, showed a deep global consensus to act against terrorist financing.

**For more information**

[FACTSHEET: Fighting Terrorist Financing](#)

[European Commission Action Plan to strengthen the fight against terrorist financing](#)

[Q&A](#)

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