

## PUT DOWN THE FINANCING OF TERRORISM REVERSE MONEY LAUNDERING

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### ABSTRACT

*As one with the development of technology and information, has been born of financial transactions electronically enabling financial transactions are only recorded in an account without the cash transition. This activity support the proliferation of terrorism financing activities generally equated with money laundering if there is an indication that the money comes from as unauthorized result as predicate crime or known by the Financing of Terrorism Reverse Money Laundering (FTRML), so that financing of terrorism rules in an offense act of money laundering along with criminal act of terrorism. How if the money to finance terrorism came from a legitimate money? In Indonesia, has done well to criminalize the financing of terrorism emanating from the legal and illegal, was done so FTRML can put down and reduce the growth of global terrorists.*

Key words: Financing of Terrorism, Money Laundering, electronic transaction.

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### Introduction

Terrorism is the most frightening specter in the universe other than war. There have been many victims of innocent lives, the children lose a parent, husband or wife loses his partner and property for acts of terror. Various ways have been made to eradicate terrorism, but still it grows and evolves continuously. How could this happen? in fact the terrorists move in groups but remains hidden and growing. This is of course not independent of funding to acquire all the needs of its activity. Various methods are used to raise funds and cross-border transactions without known clearly. This is where the law is needed, make arrangements with a combination of regulatory law combating terrorism with money laundering regulations.

Through this article, the author aims to explain terrorism relating to money laundering, which indicates that the most important thing of the growing terrorist is the presence of continuous financing to help its development. Without financing, the terrorist activities will not occur, so as to eradicate terrorism combating the advance funding to note how the growth.

### Terrorism And Financing Of Terrorism Reverse Money Laundering In Indonesia.

Money laundering is basically intended to conceal or disguise the illicit origin of the money by entering into a financial transaction system, could then be excluded as lawful money. Bassel Committee provides definitions that include money laundering as *any form of payment and delivery of activities that use the facilities in the financial system to conceal the source or the rightful owner of the money* (Effros, 1994, p.327). Black's Law Dictionary define money laundering as *term used to describe investment or other transfer of money flowing from racketeering, drug transaction, and other illegal sources into legitimate channels so that is original source cannot be traced* (Campbell, 1990, p.884). Money laundering was first on criminalization as a crime by the United States in the Money Laundering Control Act 1986 and this is the first legislation in the world that define money laundering as a crime (Sjahdeini, 2007, p.29).

Terrorism is *the use or threat of violence to intimidate or cause panic, especially as a means of affecting political conduct* (Garner, 2004, p. 1484). Terrorism has been known since a long time, even as old as civilization predicted. Recorded since the era of Ancient Greece, Ancient Greek historian named Xenophon (430-349 BC) has written about the effectiveness of psychological warfare against the opponents of the Roman emperor who was considered as terrorism when it was (Henry, 1993, p. 651). According to the classical definition, the assassination of Julius Caesar on the Ides of March in 44 BC was also an act of terrorism (Smidt, p. 49-3). Then the Roman Emperor, Tiberius and Caligula using exclusion expropriation of property and execution as a tool to scare people so that they are not at odds with the government (Henry, 1993, 651:1). Roman and Greek occupation in Judea when it is considered also as an act of terrorism because of their technique when it kills people using a dagger or sword to trigger a mass uprising that eventually led to open warfare (Smidt, p. 49-4).

The incident has been described acts of terrorism, but the word "terrorism" itself was actually first used when the French Revolution (Smidt, p. 49-4). The use of terror when it supported openly by Robespierre as lat to raise the spirit of the revolution which then took him to a period of political dominance, known as the "Reign of Terror" (Henry, p. 651 :1). History tells us also that piracy in this case pirate, is "... an early form of terrorism" (Paasche, 1987, p. 180). It is evident from the acts of terrorism committed by hijacking ships and aircraft.

Terrorist activities have been realized long ago that must be eradicated because the impact is very large for humanity, especially after the killing of King of Yugoslavia so that the committee of the United Nations, the International Convention was born called *Convention for the Prevention and Punishment of Terrorism* on December 9, 1999 and has been ratified by Indonesia with Law No. 6 of 2006. According to Article 2 (1) *Convention for the Prevention and Punishment of Terrorism*, the financing of terrorism is *person by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the attention that they*

should be used or in the knowledge that they are to be used, in full or in part, in order to carry out : (a) An act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex ; or (b) Any other act intended to cause death or serious injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act. And according to Article 2 (3) also states that for an act to constitute an offence set fourth in paragraph 1, it shall not be necessary that the funds were actually used to carry out an offence referred to in paragraph 1, subparagraph (a) or (b).

Indonesian criminalizes money laundering activities in 2002 through Law No. 15 of 2002 on Money Laundering at April 17, 2002. However, the Financial Action Task Force on Money Laundering (FATF) remained enter Indonesia blacklisted countries that do not effectively combat money laundering (NCCT List) because its Act considered to be less supportive of the anti-money laundering regime. The FATF was established in 1989 by the seven major industrial countries in the world (G7), namely Canada, France, Germany, Italy, Japan, United Kingdom, United States. The FATF was established to provide recommendations for improving the effectiveness of efforts to fight money laundering. In 1990 the FATF 40 recommendations discussed on that later become international standards to combat money laundering.

Furthermore, thanks to the FATF pressure Law No. 15 of 2002 converted into Law No. 25 of 2003 on money laundering (Article 2 (1) and Article 2 (2)), in which one set of assets used for terrorist activities shall be the proceeds of crime. Based on Law No. 25 of 2003 then there must be a predicate crime in the criminal offense of money laundering, it is related to the financing of terrorism in relation to money laundering activities.

Prior to the enactment of Law No. 25 of 2003 on Money Laundering, Indonesia only regulate acts of terrorism as one of the main sources which are assets that is used and the object of money laundering. Similarly, in Law No. 15 of 2002, just set the origin of terrorism as a form of crime in money laundering. Financing of terrorism has been stipulated in Government Regulation in Lieu of Law (Government Regulation) No. 1 of 2002 on Combating Terrorism, which then has been defined as a law that the Law No. 15 of 2003. After the enactment of Law No. 25 of 2003 , financing of terrorism from other crimes is introduced into the financial system to be able to be reused for terrorism (terrorist money laundering) and money derived from legitimate sources and then used to fund activities terrorism (financing of terrorism reverse money laundering). Both are equated as a result of a criminal act. It shows the world that Indonesia has participated in the activities of anti-terrorism and anti-money laundering. Today Law No. 25 of 2003 has been converted into Law No. 8 of 2010 about Eradication of Money Laundering.

An organization or terrorist members require substantial funds, so as to prevent and mitigate the occurrence of acts of terrorism, the flow of funds to be decided, is where the role of the Center for Financial Transaction Reports and Analysis Center (in Indonesia called PPATK) as the financial intelligence unit in Indonesia.

In Law No. 25 of 2003 on Money Laundering, then there should be laundered funds derived from other crimes (predicate crime) but also a legitimate financial transaction but is intended to finances a terrorist activity. Financing of terrorism, as mentioned above is known as the financing of terrorism reverse money laundering. American Center of Democracy define reverse money laundering as *the transportation of large quantities of cash for the intended promotion of terrorism or other crimes, criminals who are using clean money to commit crimes in the future called this scenario reverse money laundering (ACD)*. With the changes in the Law No. 25 of 2003 converted into Law No. 8 of 2010 which Followed the Recommendations of the FATF as an international standard is not affected by the Indonesian counter measure of FATF member countries the which is a major determinant of the economy's state. Counter measure may be closing foreign exchange account in a country member of the FATF, prohibit open or accept a Letter of Credit (L/C) from the affected country counter measure or loans and other assistance from members of the FATF.

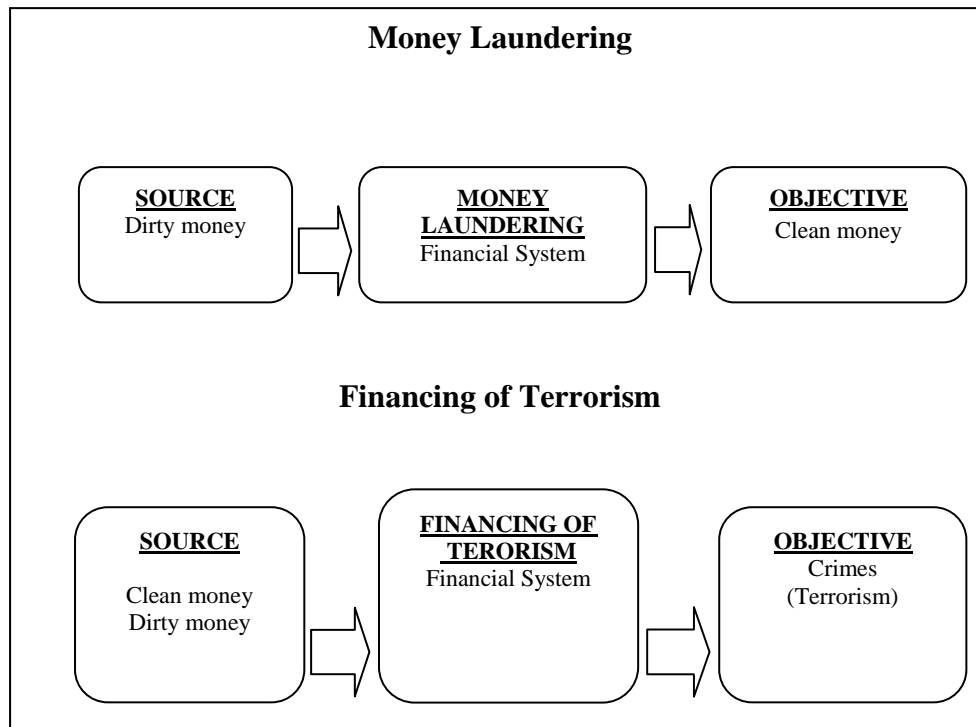
Indonesia subsequently ratified the International Convention for the Suppression of the Financing of Terrorism in 1999 through Law No. 6 of 2006, LN 29/2009. This convention governing the funding committed by the person or group of people who happen between countries or multinational. In Article 3 of International Convention for The Suppression of The Financing of Terrorism 1999, that *this convention shall not apply where the offence is committed within single state and no other state has a basis under Article 7 Paragraph 1, or Article 7 Paragraph 2, to exercise jurisdiction, except that the provisions of Article 12 to 18 shall, as appropriate, apply in those cases.*

Under the rules can be seen that in Indonesia has shown the criminalization of the financing of terrorism as it has been mandated by the International Convention on combating the financing of terrorism. The efforts made by Indonesia is an effort contributed to the anti-money laundering regime and the termination of the flow of funds for terrorist activities is in line with the efforts of the international community in order to combat acts of terror committed by terrorists, criminalizes terrorist financing activities (*financing of terrorism*) or financing to terrorist (*terrorist financing*), which must be done because the UN also recognizes that *the financing of terrorism is a matter of grave concern to the international community as a whole ... the number of seriousness of an act of international terrorism depend on the financing that terrorists may Obtain.*

Financing of terrorism reverse money laundering is financing of terrorism coming from a legitimate source that is then used either directly or indirectly to terrorist activities. A legitimate source and then used to commit a crime is an inverse of money laundering activity (reverse money laundering) (Schott, 2006, p. 15). In Indonesia financing of terrorism was regulated into Law No. 9 of 2013 about Prevention and Eradication Financing of terrorism.

The proceeds for terrorist activities can be done in various ways to make money, but in terrorist activity can be also obtained funds from lawful income and unrelated crimes (FATF, 2002, p. 2-3), such as individual donations that people do not understand the purpose of the donation is given, or legal business activities whose profits intended for the financing of terrorism. Sources of funds are also derived from the crime such as theft, kidnapping, drug trafficking, narcotics, and so on. Financing of terrorism is the opposite of money laundering activities (reverse money laundering), as the following illustration :

Figure 1: Difference between Money Laundering and Financing of Terrorism (Cassella, 2003, p.93)



Based on the above scheme, there are times when the financing of terrorism has the same phase with money laundering. Based on the source of funds that is inserted into a financial system, when derived from the crime or from a source that is illegal then there is a predicate crimes (predicate crime) which enter into the process of money laundering is then used to finance terrorist activities. If the funds are derived from legitimate sources or activities and through a financial transaction with the purpose of disguising the origin of the money is then used to perform a criminal act, then the act is called the financing of terrorism reverse money laundering.

Advances in technology, weapons, explosives and other equipment electrically burst that can be made by the terrorist group has been providing various facilities for terrorism and makes it even more dangerous. Terrorists also need funds to obtain weapons and explosives are widely used these days. Terrorist groups are organized using advanced equipment, good weapons and means of communication. In addition, in order to be well-trained personnel to carry out the action it needs to make training, takes place to accommodate the terrorists so that they can live and meet her daily needs. All it requires funding not less. Therefore, if each state could cut off funding for terrorists then can eradicate terrorism.

**Conclusion**

From the description of this article it was concluded that the Financing terrorism is the blood that support a criminal act of terrorism and at the same time support the weakest point of the chain of crime most easily detectable. The proceeds can be fund legitimate and illegitimate. Terminate funding by cutting the flow of money into the money laundering process which are then used to finance terrorist activities, will stop terrorist activities. With the regulation of money laundering terrorist financing of terrorism together with reverse money laundering in Indonesia Money Laundering Law No. 25 of 2003 converted into Law No. 8 of 2010, Terrorist Law No. 15/2003 and Law No. 9 of 2013 about Prevention and Eradication Financing of terrorism and ratified the Convention for the Prevention and Punishment of Terrorism by Act No. 6/2006, so Indonesia has participated in efforts to combat terrorism. This study suggests a link between money laundering affecting the increase in terrorism. Therefore everyone should be aware of the activities and the financing of terrorism clearly know the identity of the beneficiary, if it will contribute in large numbers.

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