

# TERRORISM FINANCING NATIONAL RISK ASSESSMENT 2020\*

Singapore is committed to combat terrorism financing (TF). We have a comprehensive whole-of-government approach to identify, assess and mitigate TF risks. This risk assessment outlines the key TF risks in Singapore. We will continue to monitor and review new and emerging TF threats and vulnerabilities, and implement the relevant measures to mitigate these risks.

\*Please refer to the report for full details.

## Terrorism Financing Threats

The key TF threats are posed by terrorist groups, such as **Islamic State in Iraq and Syria (ISIS)**, **Al-Qaeda (AQ)**, **Jemaah Islamiyah (JI)** and **radicalised individuals**, as they raise, move and use financial resources for terrorism purposes.

## Terrorism Financing Vulnerabilities and Risks

We have identified a number of areas which could be exploited by terrorists to raise, move and use funds. Singapore's status as an international financial centre and transport hub, and its geographic proximity to countries with active terrorist groups expose us to inherent TF threats.



### Money Remittances

- **Key Exposure:** Local cases, as well as international and regional typologies have shown that this sector has been misused for TF purposes.
- **Key Vulnerabilities:** High volumes of cross-border flows coupled with varying levels of capability to detect TF across the sector. Opaque nature of unlicensed money remittances also makes them susceptible to being misused for TF.

Authorities will enhance examination of the effectiveness of controls put in place by licensed money remittances. Authorities will also continue to engage the sector to further enhance TF risk awareness and controls. Authorities will leverage on intelligence to identify unlicensed money remittances and continue to encourage users to use licensed remittance solutions.



### Banks

- **Key Exposure:** No TF cases through banks detected locally to-date, but we remain vigilant as TF activities are known to have been facilitated by banks internationally and regionally.
- **Key Vulnerabilities:** Challenging to detect TF, particularly small value transactions that are indistinguishable from legitimate transactions.

Authorities will continue to examine the effectiveness of banks' controls, including the use of more sophisticated monitoring capabilities to detect TF.



### Non-Profit Organisations (NPOs)

- **Key Exposure:** No indication of foreign sources of funding in local NPO sector, nor funds raised by local NPOs being moved to support terrorism-related activities abroad. In light of international and regional typologies, we are cognisant that funds raised in Singapore for charitable purposes, could be diverted for TF overseas.
- **Key Vulnerabilities:** Varied levels of TF risk awareness and controls across the NPO sector.

Authorities will conduct more targeted outreach to the higher-risk NPOs, to increase awareness and understanding of TF risks, and to emphasise the importance of implementing preventive measures including guidelines for overseas funds disbursement and appropriate due diligence checks on external stakeholders.



### Digital Payment Token Service Providers (DPTSPs)

- **Key Exposure:** No cases detected locally to-date, but we are cognisant of TF activities facilitated by DPTSPs internationally and regionally.
- **Key Vulnerabilities:** Varied levels of TF risk awareness and controls across the sector due to nascentcy of regime.

Authorities will implement a risk-focused supervisory framework to ensure robust implementation of controls, and conduct surveillance to detect higher risk areas and entities that may be providing digital payment token services illegally without a licence.



### Cross-Border Cash Movement

- **Key Exposure:** Known routes do not involve Singapore's borders, but our proximity to countries with active terrorist groups makes us vulnerable as a transit location for foreign terrorist fighters travelling to conflict zones.
- **Key Vulnerabilities:** Anonymity accorded to small amounts of monies brought across borders.

There are stringent border controls and a robust operational framework to detect Cross-Border Cash Movement, including for TF.



### Precious Stones and Metals Dealers (PSMDs)

- **Key Exposure:** No cases detected locally to-date, but we are cognisant of some TF activities facilitated by PSMDs internationally.
- **Key Vulnerabilities:** Varied levels of TF risk awareness and controls across the sector due to nascentcy of regime.

Authorities will continue to monitor and raise the sector's awareness of TF risks, and prioritise the monitoring and supervision of higher risk PSMDs.