# Digital Platforms and Terror Financing

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## Digital Platforms and Terror Financing: FATF's Latest Warning

### Context

The **Financial Action Task Force (FATF)**, in its recent report titled **'Comprehensive Update on Terrorist Financing Risks'**, has flagged the **rising misuse of digital platforms** such as **e-commerce, VPNs, online payment systems, and social media** in terrorist financing. The report draws attention to major incidents like the **Pulwama terror attack (2019)** and the **Gorakhnath Temple attack (2022)**, both of which involved the exploitation of such platforms.

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### About FATF

- **Established: 1989**, at the **G7 Summit in Paris**
- **Nature:** An **intergovernmental policy-making body**
- **Objective:** To combat **money laundering (ML)**, **terrorist financing (TF)**, and related threats to the **global financial system**
- **Headquarters: Paris, France**, operating under the **OECD**
- **Members: 39 members** (including **37 jurisdictions** and **2 regional organisations** — European Commission and Gulf Cooperation Council)
- **India's membership:** Became a **full member in 2010**, enhancing its global credibility

### Key Functions of FATF:

- Develops **40 International Recommendations** on ML and TF
- Conducts **Mutual Evaluations** of member countries

- Maintains **Grey List** (watch list) and **Black List** (high-risk jurisdictions)
- Issues **public statements** and **alerts**
- Promotes **legal, regulatory, and institutional reforms**

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## Key Highlights of the Report

### 1. Misuse of Digital Platforms

- Terrorists exploited **online payment services, VPNs, and e-commerce platforms**
- In the **Pulwama attack (2019)**, **aluminum powder** (used in IED) was **purchased via Amazon**
- In the **Gorakhnath Temple attack (2022)**:
  - The attacker used **VPNs** to hide identity
  - Transferred **₹6.69 lakh (approx. $7,736)** internationally via **PayPal**
  - Received and sent funds to **ISIL-linked foreign accounts**

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### 2. Social Media and Messaging Apps

- **Social media platforms, messaging services, and crowdfunding websites** are increasingly being exploited to raise and move terror funds

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### 3. State-Sponsored Terror Financing

- The report notes that **some national governments** (unnamed) provide:
  - **Direct funding**

- **Logistical support**
- **Training to terrorist groups**
- Use **trade routes and smuggling** to bypass sanctions

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**4. Complex Financial Schemes**

- Usage of **commodity-based laundering** models like:
  - **Oil → Gold → Cash** routes
  - Transactions spread across **multiple jurisdictions** to avoid detection

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**5. Decentralisation of Terror Networks**

- Shift from centralised to **local, self-financed terror cells**
- These cells operate with:
  - **Criminal proceeds**
  - **Small business investments**
  - **Local financial resources**
- Example: **Al-Qaeda in the Indian Subcontinent (AQIS)** operates independently in India

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**6. Trade and Storage-Based Financing**

- Use of **gold and jewellery** by groups like **ISIL** and **Al-Qaeda** in India to **store small funds**
- Growing reliance on **trade-based schemes** for laundering and financing operations

### 7. Additional Channels of Terror Funding

The report flags several other methods:

- **Human trafficking**, **wildlife smuggling**, **drug trade**
- **Virtual assets**, **crowdfunding**, **hawala**, and **mobile apps**
- **Shell entities**, **donation drives**, and **extortion**
- **Misuse of NGOs and non-profits**

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## FATF's Earlier Warning: Pahalgam Attack

- Following the **Pahalgam terror attack (April 22, 2022)**, FATF emphasized:
  - Terror attacks are **not possible without financial infrastructure**
  - Announced a **detailed investigation** into emerging terror financing trends

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## Conclusion: Need for Global and Domestic Oversight

- The report highlights an **urgent global concern** over the **digitalisation of terror financing**
- Calls for:
  - **Stricter regulations** on digital payments and e-commerce
  - **Real-time monitoring** of financial transactions
  - **Global cooperation** for intelligence sharing and countermeasures