



# SAUDI ARABIA

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## COUNTERTERRORISM

**FACT SHEET: COMBATING TERRORIST FINANCING**

MAY 2017

Terror networks thrive on illicit funding, often hiding behind charitable organizations. To combat this threat, Saudi Arabia has put in place one of the world's strictest financial control systems to prevent funds from going to support terrorism.

Today, Saudi Arabia is one of the leading nations in combating terrorism and terrorist financing, and has been working closely with its allies on all fronts.

### **Saudi Banks' Counterterrorism Efforts**

- The Saudi Arabian Monetary Agency (SAMA) requires all financial institutions within the Kingdom's jurisdiction to implement all of the recent recommendations for combating money laundering and the financing of terrorism issued by the Financial Action Task Force (FATF).
- Saudi Arabia established money-laundering units in SAMA and all local banks to ensure the banking system is not exploited by money-laundering operations and to report any dubious transactions to competent authorities.
- Saudi Arabia established a money intelligence department to monitor and investigate any suspicious financial transactions. Investigations are typically done in coordination with the SAMA and the Saudi banks.
  - As of June 2016, this has led to prosecutions of more than 240 suspects for terrorism-financing activities and convictions of more than 225. Authorities have frozen and investigated more than 115 suspicious bank accounts and closed all unlicensed charity collection locations.
- Saudi authorities have closed down unlicensed money-exchange or money-transfer centers.
- Saudi Arabia has established a financial intelligence unit (FIU), which is a member of the Egmont Group.
- Saudi Arabia has earned observer status in the FATF in 2015 and anticipates full membership in 2018.



## Combating Terrorist Financing Through Charities

- Saudi charities are prohibited from transferring money abroad.
- Saudi charities cannot operate abroad except through the King Salman Humanitarian Aid and Relief Centre (KSRelief) or the Saudi Red Crescent, which is a semi-government entity.
- The collection of cash contributions in mosques and public places is prohibited.

## Working with Allies to Combat Terrorist Financing

- Saudi Arabia has placed sanctions on entities that assist in terror financing, including joint designations with the U.S. against the Al-Haramain Foundation, Al-Furqan, and others.
- Saudi Arabia is a co-chair of the Counter ISIL Finance Group (CIFG), along with the U.S. and Italy. The CIFG was established in 2015 to disrupt ISIL's sources of revenue and its ability to move and use funds to wage its campaign of terror.
- Saudi Arabia monitors all appeals for charitable funds via television, the internet and social media, and provides a hotline for private citizens to contact authorities to report suspected activity related to terrorism or terror finance.
- According to the U.S. Department of State's International Narcotics report, published in December 2016, Saudi Arabia has enacted legislation in all of the following areas critical to cutting off funds for terrorist organizations: the criminalization of drug-money laundering; the criminalization of money laundering beyond drugs; 'Know Your Customer' provisions; the reporting of large banking transactions; the maintenance of banking records over time; disclosure protection; the official criminalization of terrorist financing; the reporting of suspected terrorist financing; cross-border transportation of currency; the establishment of financial intelligence units; an international law enforcement cooperation system for identification; the ability to freeze terrorist activity without delay; as a state party to the 1998 UN Drug Convention; as a state party to United Nations Office on Drugs and Crime.