

EU Looks Beyond AML Directive to Fight Terror Funding

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[By Irene Madonqo](#)

European Union leaders Tuesday outlined steps beyond the finalization of the bloc's latest anti-money laundering directive to stem the financial networks of terror groups, promising more regulation to come.

In conjunction with the approval of the latest iteration of the directive and a rule on international funds transfers by two committees of the EU Parliament, the European Commission and Council of the European Union said that member-states should better cooperate on terrorist financing investigations and assess related risks linked to virtual currencies.

To crack down on terror funding, nations should also move quickly to implement legal changes mandated by the Fourth Anti-Money Laundering Directive, which is expected to be finalized later this year, the Council and Commission said.

The two bodies will consider "further action" to address terror funding in an informal meeting on security issues slated for Feb. 12, according to an EU statement. The Paris terrorist attacks earlier in the month demonstrated the need to take "decisive" action, the Council and Commission said.

In an attached statement, France said Europe should consider legal amendments that would strengthen national financial intelligence units, bolster oversight of anonymous payment instruments, create bank account registries and establish an EU Terrorist Finance Tracking System, which would streamline access to interbank wires for law enforcement officials investigating terror groups, among other steps.

On Tuesday, EU finance ministers in Brussels discussed terrorist financing alongside other bloc-wide issues, including the economy and ongoing violence in Ukraine.

Banks will likely hear more on the financing of terrorism in the year ahead, according to Sebastiano Laviola, the financial attaché for the Permanent Representation of Italy to the EU, who was also a negotiator for the Fourth Anti-Money Laundering Directive.

"The quick implementation of this fourth directive is a first, prompt and effective response because there are rules [in it] that concern the countering of terrorism financing," he said.

Austria has taken steps to thwart financiers of extremism and is prepared to do more, said Austrian Finance Minister Hans Joerg Schelling, after the meeting of finance ministers.

"The main problem is the data exchange between the banks and other organizations, [as cited by] France," Schelling said.

No rules will ever prove fully effective, however, said German Finance Minister Wolfgang Schäuble.

In some cases, terrorist organizations finance themselves "outside of the European system," said Schäuble, adding that Islamic State gets much of its funding from criminal activities and its control of resources. "This is also why part of the U.S. policy is to destroy oil facilities as a funding source," he said.

The approval Tuesday of the directive by the EU Parliament's committees for monetary affairs and civil liberties issues precede a final plenary vote by the lawmaking body. European Council ambassadors approved a draft of the directive last week, also in tandem with a proposed measure intended to make cross-border payments more transparent to investigators.

In addition to clarifying bank due diligence requirements on accounts held for politicians, the directive would task countries with building central registers naming the owners of corporations and trusts. Member-states are expected to have the final say on whether such data is available only to "competent authorities" or to the broader public.

Once the proposals are finalized, member-states will have two years to transpose their requirements into law.

