

Annex A. Risk Indicators

Risk Indicators of Crowdfunding for Terrorism Financing and Violent Extremism

1. The risk of crowdfunding for terrorism activity varies greatly across the FATF Global Network. Some jurisdictions have not observed any risk or cases, while others have detected multiple cases of terrorist entities using crowdfunding and have identified crowdfunding a “high” overall risk in their national risk assessment.
2. Similarly, while not all types of crowdfunding are equally at risk of being misused for terrorism or violent extremism, donation-based crowdfunding appears to be the most vulnerable. Most of the indicators in this chapter relate to detecting terrorist financing and/or violent extremism through donation-based crowdfunding.
3. The indicators below do not constitute a conclusive list. A single risk indicator alone is not necessarily a clear indication of terrorist financing activity, but it can prompt further monitoring and examination, as appropriate. The existence of several indicators in relation to a customer or transaction warrants further examination. None of these indicators should be used to discriminate against a particular ethnic community, religion, country or type of institution.
4. The indicators below have been organised according to the different roles that exist within the formal and informal crowdfunding ecosystem (see Chapter 2.3). All these indicators can be useful to reporting entities and operational authorities, and many can also be useful to crowdfunding platforms or other private sector stakeholders looking to build internal monitoring and reporting mechanisms.

Indicators Related to the Intermediary Organisation

5. The following red flags may help reporting entities and operational authorities detect potential terrorist financing or violent extremism activity with respect to intermediary organisations:
 - Projects are funded through crowdfunding platforms that have weak project review policies and/or have terms of service that do not specifically prohibit content that incites and supports terrorism or violent extremism (particularly when the project owners keep any funds committed, regardless of whether funding targets are met).
 - The crowdfunding, FinTech platforms and/or virtual asset wallet addresses are known to be used by individuals or groups associated with terrorism and/or violent extremism, based on available information.
 - Donations appear to be made through mechanisms used to obscure identity or source of funds or are routed in a way that is overly complex.

- The crowdfunding platform or intermediary organisation hosts or enables other projects related to violent extremism or radicalism.
- The use of dedicated payment and crowdfunding platforms that have explicitly declared their willingness (or arranged their business model) to offer services in connection with ethnically or racially motivated terrorism financing (including financial services and hosting of forums or chats).
- Platforms that enable or require payments through unregulated financial institutions.
- The entity encourages methods of donation that try to hide transaction information through the use of anonymity enhanced cryptocurrencies, also known as privacy coins.

Indicators Related to the Crowdfunding Campaign

6. Crowdfunding campaigns operate in a variety of ways (see chapters 2 and 4), ranging from dedicated crowdfunding service platforms to more informal campaigns on social media. The information provided on those platforms, including background details about the campaign and those involved in it, can be crucial in establishing whether the activity raises concerns for terrorist financing. Crowdfunding companies investigating possible breaches of terms and services, reporting entities who are filing suspicious transaction reports and operational authorities conducting investigations should consider the below indicators as possible red flags:
 - Lack of information about the purpose, goals and ultimate beneficiaries of the crowdfunding campaign.
 - The project description or its supporting materials feature hateful rhetoric, imagery, or symbolism that appears to support terrorist or violent extremist causes.
 - The campaign encourages supporters to provide funds across different platforms or provides instructions to fragment the payments.
 - A small project collects money from individuals who are related or otherwise linked offline (e.g., members of a small local community group, a neighbourhood etc.), despite high fees being collected by the crowdfunding platform.
 - The average amount of campaign contributions or the fundraising goal is unusual or inconsistent with other projects of the same kind.
 - Methods of donation that obfuscate the source of funds or provide unique donation links to make tracing efforts more difficult.⁴⁴

⁴⁴ A recent trend underscored in a 2023 TRM report, namely that over the course of 2022, there was a significant increase in the use of TRON decentralised, blockchain-based operating system among terrorist groups and associated fundraising campaigns, with some using it exclusively. The overwhelming majority of those actors collected donations in the stablecoin Tether (USDT). Among the terror financing entities tracked by TRM Labs in 2022, there was a 240% year-on-year increase in the use of Tether - against a mere 78% rise in bitcoin use. TRM (2023), *Illicit Crypto Ecosystem Report*, <https://trmlabs.com/illicit-crypto-ecosystem-report-2023>

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- Non-profit or community organisations that are suspected of supporting known terrorist or violent extremist entities are involved in the crowdfunding campaign.
- There are posts or comments praising a terrorist or violent extremist organisation on the same social media channel or site where the fundraising campaign is organised.
- There are indications that the crowdfunding campaign is linked to banned organisations or organisations being monitored by the national domestic intelligence services.⁴⁵
- The campaign is actively rallying around, or fundraising for, social activities on days of symbolic significance for terrorist or violent extremist organisations.
- The crowdfunding campaign is raising a support fund for criminal defence fees for individuals with known terror-related offences.
- The crowdfunding campaign is run by individuals or groups not linked to registered charities, is vaguely described, and claims it is seeking funding for general humanitarian causes like children in conflict zones.
- Persons involved in the crowdfunding campaign have been subject to investigations and prosecutions for crimes related to terrorism or violent extremism.
- The receipts, amounts sought, or other components of the crowdfunding campaign contain symbols used extensively by known terrorist and violent extremist organisations.
- The project appears to be fictitious i.e., the project has a name similar to an association or another well-known campaign or seems to impersonate it.
- The campaign aims to support a particular group of people, which are usually either a narrow group of supporters or relatives of terrorists, rather than helping a wider community. For example, supporting women and children of foreign terrorist fighters in a specific area, rather than the entire community in that area.

Indicators Related to the Project Promoter

7. Know-your-customer practices are essential to understand client financial behaviours and help detect deviation that might suggest illicit activity. In developing or assessing targeted risk indicators, authorities and the private sector should consider information from a variety of sources, including, but not limited to analysis of internal transaction data, review of Internet Protocol data, analysis of suspicious data specifically related to potential terrorist financing or violent extremism events, as well as information provided by law enforcement agencies.
8. Customer due diligence starts prior to the establishment of a business relationship and is continued by monitoring any change in the customer behaviour and economic profile (including changes in the source of funds and expenses). In this

⁴⁵ This is especially relevant to investigators who would have access or the ability to share such information with domestic intelligence services.

sense, knowledge of a customer, including the customer's established financial transaction history, can be important in forming a suspicion of terrorist financing.

9. Indicators which might suggest suspicious terrorist financing and/or violent extremism-related activity through crowdfunding include:

- The project promoter does not appear familiar with the project or appears to be a third party unrelated to the purpose of the fundraiser.
- Deposits of funds originating from crowdfunding sites are being followed by speedy structured cash withdrawals.
- Deposits are received or pooled from multiple accounts and then payments immediately submitted to crowdfunding campaigns.
- Personal accounts receiving deposits and cheques from unidentified and unaffiliated individuals related to that account—such as those who are not relatives or tied to any known related businesses—and foreign businesses, particularly those in high-risk regions, with funds then being transferred to crowdfunding sites.
- The funding goals of the crowdfunding campaign are met quickly, and the page is closed very quickly afterwards, or the project promoter abruptly ends the project before the set deadline.
- The crowdfunding campaign promoter is exclusively seeking payment through virtual assets, in particular in anonymity enhanced coins.
- Crowdfunding campaign promoter uses bank accounts or other financial intermediaries with no geographic link with the advertised project.
- The project promoter is not the contact person in the project and appears to be fundraising or collecting funds on behalf of a third party.
- The project promoter transfers funds in a way that is inconsistent with the purpose of the project or fundraising campaign, e.g., the funds raised are transferred to an unrelated third party, the funds raised are withdrawn in cash, there is no match between the use of the funds raised and the reason for which they were raised.
- The project and information related to it disappears from the website i.e., an entity or individual uses a crowdfunding platform and social media for the purpose of collecting donations, but the online presence of the project disappears when the fundraising ends.
- Individual accounts are used to collect donations, which are then transferred abroad.
- Transfer through an intermediary who receives funds from various sources via one or more virtual asset service provider, that obfuscates the source of funds, or makes tracing efforts more difficult.
- Within a short period of time, a conspicuously large number of transfers are received in one account, which are declared as originating from alleged relatives.
- Relevant adverse information is discovered related to the promoters or backers of crowdfunding projects that suggests a past history of hate speech,

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promotion of listed terrorist entities, facilitation of terrorist activity, or incitement to violence or participation in terrorist acts or terrorist organisations.

- An account that otherwise receives only few or small payments has received a conspicuously large number or large amounts of payments from various people within a determinable period of time.

Indicators Related to Donors

10. Terrorism financing, especially through donation crowdfunding, can involve witting or unwitting financiers. In the case of the former, there is a range of information – much of which is attainable through open-source research – that can indicate suspicious activity related to terrorist financing or violent extremism. In this context, it is important to consider the behaviour of the donors, as well as their potential associations (in the case of an investigation).
11. In some cases, legitimate donation-based crowdfunding campaigns could attract a donor with links to illicit activities. This does not in itself indicate or prove that the campaign's purpose is to raise money for terrorism or violent extremism.
12. However, information about one or more donors with suspicious behaviour could trigger further investigation into a crowdfunding campaign. The following indicators should be considered when assessing potential suspicion linked to terrorist financing or violent extremism.
 - Donors appear to use excessive security controls and/or measures to obscure their identity or the source of funds when this would be unnecessary or uncommon for many other crowdfunded projects.
 - Known extremist participants receive financial contributions from third parties in the form of credits that are not based on an economic or social dependency or a business deal.
 - There is an inconsistency between the profile of the donor and the value of the donations (e.g., a student sending large sums of money supposedly for charitable causes).
 - Numerous transactions are carried out with alleged humanitarian organisations, associations or non-profit limited liability companies linked to radical, extremist or violence-glorifying propaganda.
 - The campaign has received donations from known ideologically, ethnically or racially motivated violent extremist blogs and websites, which propagate extremist violence or terrorism.
 - The supporter appears fictitious either because the fundraising for a certain project is done from the same Internet Protocol (IP) address, or several IP addresses that repeat themselves; and/or one account is used by several crowdfunding projects.
 - The donor is connected to terrorist organisations or other organisations propagating violent extremism.
 - The source of funds is unknown or the donors transacts through means that provide added privacy e.g., cash, certain virtual assets, prepaid cards.

- The campaign donor has many charges from the same credit card, or from several different cards.

Indicators Based on Geographic Risks

13. Due to their geographic location, certain regions may present a greater risk for the financing of terrorism or violent extremism, and be used as a source, destination or transit country for the funds. Geographic risks should always be taken into consideration, for example when the originator of a transaction or beneficiary of funds are linked to a high-risk jurisdiction or region. Geographic risk can also apply to an individual's nationality, residence, or place of business. Geographic risk indicators include:
 - The crowdfunding campaign is raising money for an organisation with links to conflict zones or neighbouring regions and receives unusually substantial donations.
 - The crowdfunding campaign is taking place in countries (or for the benefit of countries) that do not have strong terrorism financing and/or crowdfunding legislation or that are under sanctions.
 - The crowdfunding campaign is taking place in countries with poor implementation of FATF Standards related to virtual assets, non-profit organisations, or money or value transfer services and poor oversight of the crowdfunding industry.
 - The crowdfunding campaign is taking place in geographic zones where terrorist organisations are known to operate.
 - The funds raised originate from countries deemed to be at high risk of terrorist financing or violent extremism.
 - The funds raised are being transferred to countries deemed to be at high risk of terrorist financing or violent extremism.
 - The payment or donation instruction was issued from an Internet Protocol address located in a country or geographic zone deemed to be at high risk of terrorist financing or violent extremism.