



# Policy & Resources Committee

## **GUIDANCE ON TERRORIST FINANCING RISKS TO THE BAILIWICK**

**23 January 2024**

### **INTRODUCTION**

1. This guidance on terrorist financing risks to the Bailiwick is being issued by the Policy & Resources Committee following the publication of the report on the Bailiwick's second National Risk Assessment of Money Laundering and Terrorist Financing to assist specified businesses in their terrorist financing business risk assessments and events hosted by Bailiwick authorities on terrorist financing risk and on the national risk assessment report. This guidance updates the guidance document issued by the Committee on 5 November 2019 (the previous guidance) in advance of the first National Risk Assessment report.
2. The findings of a 2016 terrorist financing risk assessment that was carried out as a preliminary step in the first National Risk Assessment process are attached to this document as an appendix. These findings, which were provided to the Financial Action Task Force (FATF)<sup>1</sup> as part of a global information-gathering exercise, as well as being circulated to the private sector, remain pertinent and provide background and context to subsequent risk assessment work. Therefore, the appendix is provided in its original form.
3. It remains the case that Guernsey<sup>2</sup> has had no experience of terrorist financing so there are no domestic terrorist financing case studies available. However, some of the countries and patterns of behaviour involved in the money laundering case studies included in both National Risk Assessment reports are still relevant to possible terrorist financing activity, especially in relation to secondary terrorist financing (see below). Specified businesses are therefore encouraged to re-familiarise themselves with these studies, particularly those which are relevant to the products and services they offer, as well as with the terrorist financing typologies and case studies available on the FATF website, and in the slides of events hosted by Bailiwick authorities in December 2023 and January 2024 available on the States of Guernsey website.

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<sup>1</sup> The FATF is an international organisation with responsibility for addressing money laundering and terrorist financing, and it issues the leading international standards in this area, the FATF Recommendations.

<sup>2</sup> For ease of reading, references to Guernsey should be taken as references to the Bailiwick of Guernsey.

4. As with the previous guidance, this guidance complements, but does not replace, the assessment by a specified business of the particular risks to that business. Specified businesses are reminded that they should be ensuring that business risk assessments and the assessment of terrorist financing risks in a business take into account their risk appetite and risk factors relating to their customers and the beneficial owners of customers, countries and geographical areas and products, services, transactions and delivery channels.

## **SCOPE OF LEGISLATION**

5. The legal position is the same as at the time of the previous guidance. It is important to be aware that, under Guernsey law, terrorism includes attacks carried out for political or ideological reasons and this covers any form of extremism. In addition, support for terrorists and terrorist organisations comprises terrorist financing even when this support is not linked to an attack and is provided for reasons unconnected to terrorism. Therefore, the scope of terrorist financing is not confined to attacks that are carried out to promote religious or racial causes. It also extends to financial support linked to individual terrorists or terrorist organisations for any purpose (for example, payment of travel costs or rent), and to terrorist attacks that are carried out to promote far-right ideology or other causes such as animal rights or environmentalism. Specified businesses should consider all of these different forms of terrorism and terrorist financing when assessing their terrorist financing risks.

## **OVERVIEW OF TERRORIST FINANCING RISKS TO GUERNSEY**

6. The findings in the previous NRA report about Guernsey's terrorist financing risks have been confirmed by the more recent NRA exercise. The likelihood of deliberate terrorist financing occurring within Guernsey itself remains low, and it remains the case that the form of terrorism with the greatest prospects of receiving support from within Guernsey is non-religious extremism. However, this is still considered highly unlikely to occur in reality. The recent NRA findings also confirm two potential terrorist financing risks relating to activity outside Guernsey, namely:
  - funds that are provided or invested by parties in Guernsey in good faith subsequently being diverted to support foreign terrorism; or
  - Guernsey's cross-border products and services being used by parties outside the jurisdiction to fund foreign terrorism.
7. Therefore, consideration of a specified business's cross-border exposure remains central to a terrorist financing risk assessment, and the advice to specified businesses in the previous risk assessment about this is reiterated here. They are advised to ensure that they are familiar with the information below about the ways in which cross-border business poses a terrorist financing threat, especially the findings about the modalities of terrorist financing likely to arise from this type of business. In particular, specified businesses should be alive to the risk of secondary terrorist financing, i.e. where the proceeds of crime are used to fund terrorism. This has been identified as the form of terrorist financing most likely to arise from Guernsey's cross-border business.

8. Secondary terrorist financing is usually carried out by organised criminal groups but may also involve lone actors, including politically exposed persons (PEPs) in the case of state-sponsored terrorism. Therefore, specified businesses are advised to consider taking steps to familiarise themselves with the types of crimes that are identified below as internationally linked to secondary terrorist financing. Where a specified business suspects that an existing or possible future business relationship or transaction may be linked to crimes of this kind, especially where there is also a possible link to a country or population known to be affected by or involved in terrorist activity, it should not therefore see this as simply an issue of money laundering but is encouraged to consider whether there may be any terrorist financing links. It should also do this in any case where there is a suspected link to an organised criminal group.
9. Similarly, while both international and domestic experience to date indicates that the vast majority of criminality involving PEPs will be motivated solely by the desire for personal gain, specified businesses should always be alert to the possibility that the proceeds of such criminality may be used for state-sponsored terrorism. Again, this is particularly important where the PEP is linked to a country that is known to be affected by or involved in terrorist activity.

## **FOCUS COUNTRIES**

10. In the absence of case experience of terrorist financing, the findings of the previous NRA and those under the recent NRA process are primarily based on the level and nature of links that businesses and non-profit organisations (NPOs) have with countries that are considered likely to be exposed to terrorism or to terrorist financing. For convenience these countries are referred to as focus countries. However, a consideration of links to focus countries should not be confined to looking at the immediate source of business into Guernsey. The possibility of underlying links to focus countries in business that is conducted via another international financial centre (IFC) acting as an entrepot must always be borne in mind. This is looked at in more detail below.
11. Given the rapidly evolving international situation with regard to terrorism and the danger of any list of countries being treated as exhaustive, this document does not contain a list of focus countries. However, focus countries are considered to be jurisdictions that fall into one or more of the following categories:
  - countries that present active terrorism or terrorist financing threats because there are areas of conflict within their borders;
  - countries that border or have other strong financial, geographical or other links to countries that have an active terrorism or terrorist financing threat;
  - countries with a section of the population that is actively targeted by terrorist organisations for support and cover because it may be sympathetic to regional or terrorist actors (whether because of diaspora links or otherwise);
  - countries that are involved in state-sponsored terrorism;
  - countries with a secondary terrorism or terrorist financing threat, i.e. where there may not be an active terrorism or terrorist financing threat but where there is a heightened threat of crimes whose proceeds are typically used by organised criminal groups to fund terrorism.

12. As a starting point in identifying whether a country should be treated as a focus country specified businesses will find helpful sources such as the following:
- the UK Government's list of proscribed terrorist groups or organisations which includes information on where they are based and where they are active:  
<https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2/proscribed-terrorist-groups-or-organisations-accessible-version>
  - the *Global Terrorism Index* published annually by the Institute for Economics and Peace:  
<https://www.visionofhumanity.org/maps/global-terrorism-index/#/>
  - information on high-risk and other monitored jurisdictions by the FATF:  
<https://www.fatf-qafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-october-2023.html>
  - U.S. Department of State country reports on terrorism :  
<https://www.state.gov/country-reports-on-terrorism-2/>
13. In addition to these sources, which are not exhaustive, specified businesses should consider other publicly available information to check whether they should treat a particular country involved in a business relationship or transaction as a focus country.
14. A further point to be aware of is that involvement for these purposes extends not only to the jurisdiction of residence, incorporation or nationality as the case may be of customers, or of the officials or beneficial owners of legal persons or legal arrangements involved in a business relationship. It also extends to less obvious links between these parties and focus countries, including but not limited to a customer or beneficial owner having a relevant connection with a focus country, as defined in paragraph 5(10) of Schedule 3 to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999. These less obvious links may arise, for example, where the customer, official or beneficial owner in question conducts business or owns property in a focus country, where they have a close relative or associate who is from or who resides in a focus country, where they jointly own property with a person from a focus country, where a business relationship involves an entity that is directly or indirectly controlled by a party linked to a focus country or where third-party payments are made to or received from a focus country. The process involved in identifying links of this kind will be familiar to specified businesses, as they have been undertaking CFT countermeasures for many years.

## **SPECIFIC FINDINGS ON TERRORIST FINANCING**

### **Fund raising and use for the purposes of terrorism in Guernsey**

15. The likelihood of funds being raised or sent into Guernsey for the purposes of terrorist activity within the jurisdiction is considered to be very low, on the basis that the likelihood of domestic terrorist activity is also very low.
16. Nevertheless, further enquires are always made in any case where there may be a possible terrorist or terrorist financing link. This involves logging these cases on intelligence data bases and where appropriate, intelligence sharing with counter-terrorism

authorities in the UK for checking. None of these cases has resulted in the need for any further action, and the authorities have not identified any instances of Guernsey financial services businesses or other sectors being used to support the aims and objectives of far-right groups or individuals.

17. On the basis of the limited experience of possible terrorism links to date, the likelihood of domestic terrorist activity linked to political or ideological extremism (e.g. to promote far-right ideologies or possibly animal rights activism) has been identified as greater than that linked to religious extremism. However, this is in relative terms only; the possibility of this taking place is still considered to be very low.

#### **Fund raising in Guernsey for the purposes of terrorism elsewhere**

18. Based on Guernsey's profile, the likelihood of deliberate fundraising within the jurisdiction to support terrorism elsewhere is considered to be very low.
19. The likelihood of inadvertent terrorist financing (i.e. where funds raised, donated or invested from Guernsey in good faith are diverted abroad for the purposes of terrorism) is considered low.
20. To date there have been no known cases of this happening, but three situations have been identified where it could potentially arise, as follows:
  - donations to internationally active charities and other non-profit organisations (collectively, NPOs) are subsequently diverted to or appropriated by terrorists;
  - Guernsey residents provide funds for campaigning etc. purposes via online fundraising platforms that are in fact fronts for terrorist groups;
  - Guernsey impact collective investment schemes that are invested in war-torn countries generate benefits for terrorist groups there.
21. As the use of impact investment schemes remains in its infancy within the jurisdiction, their possible abuse by terrorists is considered less likely to occur than the other two forms of inadvertent terrorist financing. It is considered that the payment channels most likely to be used in all three forms of inadvertent terrorist financing involve the formal financial sector, with only some 5% or so involving cash or physical assets. This is on the basis that while it is estimated that approximately 50% of payments to NPOs are likely to involve cash, in most cases this will be transferred into the formal financial system before leaving the jurisdiction. Therefore, the possible risks arising from donations to internationally active NPOs must be kept in mind by specified businesses that work with the sector.

#### **Storage or Movement of funds used for the purposes of foreign terrorism**

22. Guernsey's cross-border business inevitably gives rise to the jurisdiction's possible involvement in the storage or movement of funds linked to foreign terrorism. This involvement is unlikely to arise in respect of lone actors, who typically require small amounts of money to fund their activities and who would have no need or wish to incur the cost of using the formal financial system in another jurisdiction. There is more

prospect of this arising from well-organised terrorist groups that are known to operate like businesses with sophisticated financial arrangements. For example, there have been instances internationally of terrorist organisations making substantial profits by the short-selling of stocks.

23. However, the overall likelihood of this happening in a Guernsey context is assessed as low. There have been no known cases of terrorist financing to date. References to terrorism and terrorist financing in the usual indicators of links to foreign criminality, such as suspicious activity requests, international requests for assistance or other international contacts, are either non-existent or negligible. In addition, to date, no assets held in or administered from Guernsey have been subject to terrorist financing related sanctions.
24. There have been some cases involving the assets of parties that are subject to other sanctions regimes that, while not terrorist related, are applicable to countries with a terrorism risk, primarily Russia. (However, no terrorism links with the sanctioned parties in question have been identified. Furthermore, these parties typically use Guernsey to maximise wealth in ways that do not readily lend themselves to terrorist financing activities (e.g. collective investment schemes).
25. In addition, although the legal framework permits the Policy & Resources Committee to make its own terrorism-related designations on the basis of intelligence received and this is considered routinely, to date no designations have been made. It remains the case that there has been no intelligence or other form of information held by or provided to the Policy & Resources Committee to suggest that this power should be exercised. The same applies to recommending possible terrorism-related sanctions targets to the UN, which is also considered routinely by the authorities and where no basis for doing so has ever been identified. On the Sanctions page of the States of Guernsey website, the private sector is invited to provide to the Policy & Resources Committee any information which may suggest grounds for the Policy & Resources Committee to make a terrorism -related designation, or to recommend a terrorism-related designation to the UN. This has also been underlined in recent guidance. To date no such information has been provided.
26. The legal framework also permits Guernsey to make terrorism-related designations at the request of other countries, but no such request has ever been received and Guernsey has never had any grounds to request another jurisdiction to freeze assets in that jurisdiction that are linked to terrorism or terrorist financing. On the Sanctions page of the States of Guernsey website, the private sector is invited to provide to the Policy & Resources Committee any information which may suggest grounds for the Policy & Resources Committee to make such a request.
27. Consideration has also been given to business relationships with PEPs and their possible involvement in state-sponsored terrorism. However, there is no indication that this is happening, and it would not be consistent with the typical way in which PEPs use the jurisdiction, which is focused on wealth management for the personal benefit of themselves and their family members. This has been confirmed by the pattern of relationships involved in Russia sanctions cases. In addition, the level of PEP involvement in business relationships across all sectors remains low (and indeed is lower than that at

the time of the previous guidance; even among trust and corporate services providers (TCSPs), which have the highest proportion, it does not exceed 5% (down from the figure of 7% in the previous guidance).

28. However, the authorities recognise that the absence of any indicators of terrorist financing is not necessarily determinative of the absence of terrorist financing activity. It is acknowledged globally that it is extremely difficult to identify funds that are destined for use in terrorism. In addition, while little is still known internationally about the extent to which the formal financial system and the creation of legal entities are being used for terrorist financing purposes, two ways have been identified in which the global financial services sector may be used for terrorist financing.
29. The first way is the use by terrorist organisations of money-laundering techniques, in order to disguise both the source and the purpose of their funds, and to distance themselves from their financiers. This may be by using legitimate activities to raise funds or the creation of structures to conceal links to terrorism. An example of the former is trade-based terrorist financing, i.e. where revenue from a legitimate commercial enterprise is routed to support a terrorist organisation. Examples of the latter are where terrorist groups use advanced financial management practices and create front or holding entities to manage revenue sources and expenditure. This was highlighted by the publication of the Panama Papers and the subsequent enquires that were carried out as a result, which suggested not only that some parties who were subject to terrorism-related sanctions were involved in cross-border business relationships, but also that shell companies had been established in an IFC for use by terrorist financiers in the Middle East. The types of entities created for the purposes of this type of activity are most likely to be companies or other legal persons, as there do not appear to be any cases internationally where terrorists have used legal arrangements such as trusts.
30. The second is the use of money laundering itself, i.e. secondary terrorist financing, where the proceeds of crime are used to fund terrorism. Consequently some indicators of money laundering may also in fact be terrorist financing indicators, even though they are not identified or categorised as such because the link to terrorist financing is not apparent to the person making the suspicious activity report, international request for assistance etc. as the case may be.
31. For these reasons, the risk assessment process has not been confined to recognised indicators of terrorist financing or other criminality but has also taken into account the extent to which Guernsey cross-border business involves links with focus countries. The extent of these links varies depending on the type of business involved, but in all sectors the level of links with focus countries is low. Where links with focus countries exist, they primarily arise in relation to secondary terrorist financing risks.
32. The proportion of financial flows involving focus countries is extremely low, and within that the vast majority of such flows involve Russia, where the purpose of the business relationships involved makes it unlikely that terrorist financing is involved – see above.

33. This is subject to the caveat that for relationships that involve another IFC, there may be underlying focus country involvement in some cases that is not apparent from the data. This is particularly the case with flow data, which is based on the countries involved rather than the underlying customers so could include IFCs acting as entrepôts. However, while the extent of focus country involvement in flows from other IFCs is difficult to determine, it is also considered likely to be low.
34. As indicated above, there have been indications in sources such as the Panama Papers of IFCs being used to create shell companies for terrorist financing purposes, but the scale of this appears limited. The identified cases of other IFCs being used for terrorist financing typically involves small-scale activity to fund the immediate needs of individuals resident in or otherwise linked to the IFC itself, rather than the type of activity that is usually involved in business relationships with Guernsey. For example, the terrorist financing activity described in the most recent FATF report on the UK is UK-based and low level (involving self-funded attackers, individuals providing small amounts to foreign terrorist fighters or individuals financing their own travel plans), rather than the establishment of the kind of sophisticated cross-border financial arrangements that would be likely to involve another IFC. While the absence of evidence of sophisticated cross-border terrorist financing in reports on IFCs is obviously not conclusive, it supports the finding of the NRA that the likelihood of Guernsey's cross-border business being used for terrorist financing is low.

#### **TERRORIST FINANCING VULNERABILITIES – MOST LIKELY MODALITIES**

35. The finding of both NRAs is that the types of cross-border business most likely to expose Guernsey to a potential exposure to terrorist financing are the flow-through of funds or by service provision. The data relating to these forms of activity demonstrates that a high proportion of the focus countries involved are those where the terrorist financing risk is secondary. This indicates that if terrorist financing were to take place it would most probably be secondary to money laundering activity. However, the likely extent of this has to be seen in context.
36. A range of underlying offences is internationally linked to secondary terrorist financing (i.e. corruption, drug trafficking, hijacking or kidnapping, benefit fraud, environmental crimes such as illegal logging and ivory dealing, human trafficking and modern slavery). There is no evidence that Guernsey is being used to launder the proceeds of some of these offences, but Guernsey is exposed to laundering in connection with foreign drug trafficking, corruption and, to a much lesser extent, low-level fraud. However, the specific types of these offences that affect Guernsey do not fit the internationally recognised patterns of secondary terrorist financing, for two main reasons.
37. First, international patterns of secondary terrorist financing typically involve organised criminal groups whose members are likely to be motivated by ideological objectives rather than a desire for individual financial gain. Although there has been some experience of organised criminal groups seeking to use Guernsey to launder the proceeds of drug trafficking, the number of cases is extremely low and all seem to be motivated by the desire for personal gain; there is no evidence of any terrorist links or sympathies on the part of the persons involved.



38. Second, with regard to the proceeds of foreign bribery and corruption, a Guernsey nexus is most likely to arise where the jurisdiction is used by PEPs and other individuals whose motives are to acquire personal wealth for themselves, their families and associates. On that basis, it is unlikely that the proceeds of their offences would be diverted for terrorist purposes. A possible exception to this would be where a PEP is involved in state-sponsored terrorism. However, there have been no indications to date that this is happening with any PEPs that have a connection with Guernsey, whether linked to corruption or not. In addition, detailed strategic analysis of suspicious activity reports and other financial intelligence by the Financial Intelligence Unit has not identified any terrorist financing links from business relationships with countries that are seen internationally as high risk for bribery and corruption, whether or not those relationships involve PEPs.
39. On that basis, the assessment that secondary terrorist financing is the most likely form of terrorist financing to affect the jurisdiction is in relative terms only; it does not affect the overall assessment of the likelihood of terrorist financing taking place, which remains low.

## APPENDIX 1 – 2016 Terrorist Financing (“TF”) Risk Information

The assessment of TF risks forms a regular part of the ongoing work of the AML/CFT authorities at a jurisdictional and sector wide level. Assessments of TF risks are also made at an entity or transaction level, for example, by the supervisory authorities during onsite inspections of individual businesses or by law enforcement in response to specific intelligence information.

In addition, in response to international developments such as the rise of ISIL and the terrorist attacks in Paris, the government (the Policy Council of the States of Guernsey) has recently coordinated a jurisdictional assessment of TF risks. It follows previous jurisdictional risk assessments and forms part of Guernsey’s national risk assessment to comply with Recommendation 1.

The assessment was primarily based on input from the different AML/CFT authorities. These authorities are:

- The Policy Council (a government department that is the competent authority for the implementation of sanctions including UNSCRs 1267 and 1373)
- Law enforcement (the Guernsey Border Agency and the Guernsey Police); the FIU is embedded within law enforcement
- The Attorney General (the prosecuting authority and central authority for MLA requests)
- The Guernsey Financial Services Commission (the supervisory authority for financial services businesses and lawyers, accountants and estate agents)
- The Alderney Gambling Control Commission (the supervisory authority for online gambling)
- The Registrar of NPOs.

Input was also obtained from the private sector (reporting entities and NPOs).

The assessment draws on both quantitative and qualitative information. The quantitative information includes statistics and related analysis on:

- Investigations and prosecutions
- STRs
- International assistance requests
- Assets frozen under UNSCRs 1267 and 1373
- Transfers of funds and cash withdrawals involving jurisdictions perceived as end use or transit countries for TF.

The qualitative information includes:

- Contextual information about Guernsey
- Intelligence briefings and alerts from the UK

- Findings of the supervisory authorities from onsite inspections and other supervisory engagements
- Aggregated information from routine engagements with and findings from industry about the proportion of business with high risk jurisdictions
- Information from NPOs about activities overseas.

In addition, the authorities have looked at the possible TF risks arising from jurisdictions with close business or geographical links to Guernsey, together with the latest TF typologies produced by international bodies such as the FATF, Egmont and the OECD.

### **What are the main terrorist financing risks faced by your country?**

Guernsey is a significant international finance centre providing wealth management services to an international client base. There is a small domestic market for retail financial services for the jurisdiction's residents. The authorities have therefore considered TF from both a domestic perspective (i.e. the possible presence in the jurisdiction of persons with links to terrorism or the likelihood of terrorism-related activity taking place within its borders) and from an international perspective (i.e. the possibility of TF or terrorist-related activity taking place elsewhere that has a link to the jurisdiction).

#### *Domestic risk*

The widely recognized TF risk factors arising from activity within a jurisdiction (i.e. terrorist cells or organizations operating within its borders, radicalization and recruitment of its citizens and the incidence of persons departing from or travelling through it in order to act as cash couriers or terrorist fighters) are not considered to be significant risk factors for Guernsey. The following contextual factors are relevant:

- The jurisdiction comprises a number of politically stable small island communities with very low domestic crime rates and ethnically homogenous populations
- It has no historical, geographical or ethnic links to the Middle East or other parts of the world that are currently considered to present a high risk of terrorist activity
- It does not operate an independent foreign policy or have any military installations so is unlikely to attract the attention of terrorists
- International transport links to and from Guernsey are confined to the UK and France so it is unlikely to be attractive as a transit jurisdiction.

On that basis the domestic risk has been assessed as very low.

#### *International risk*

This is considered to be the main TF risk faced by Guernsey. It arises in two ways.

The first is in relation to the cross-border business carried out by the financial services sector (i.e. banking, insurance, investment, fiduciary and money services businesses) and

the online gambling sector. The second is in relation to the possible misappropriation or diversion of funds distributed internationally by Guernsey NPOs.

There are no indicators from the information available within the jurisdiction of any TF-related activity regarding Guernsey's cross-border business. The authorities have also looked from this perspective at information from international typologies and the risk assessments carried out by jurisdictions with close ties to Guernsey and, while they recognize that there is still an incomplete understanding internationally about the full scope of TF activity, particularly with regard to the possible use of sophisticated structures and services, such information as is currently available suggests that the only significant instances of terrorists using the type of cross-border financial service or business that might be relevant to Guernsey involve the banking and money services sectors. This is either to transfer funds to end use or transit countries or to use ATMs in those countries to withdraw cash from accounts held elsewhere, and the sums involved are often small to avoid raising suspicion.

The authorities have therefore looked closely at these sectors. The findings of the financial services supervisory authority are that they have robust CFT controls. In the last 18 months onsite inspections were undertaken to the jurisdiction's two non-bank money services providers, which provide bureau de change services, money transfers services and pre-paid cards. Both entities provide services to visitors to the jurisdiction and the local population. The controls in place to mitigate the risk of TF were found to be sufficiently robust. Although average transaction sizes were very low at around £300 to £400 and £400 to £600 respectively both entities undertook due diligence on all their customers including where remittance values were very low. During the same period the financial services supervisory authority engaged with 10 of the 22 banks registered as money services providers. The majority of these banks provide money transfer services to clients of their core banking activities only and with whom they have well – established relationships, and robust due diligence and monitoring controls were found to be in place.

These findings have been supplemented by a survey issued by the authorities to all banks and other money service providers to obtain information targeted at the specific risks identified internationally in relation to these sectors.

A targeted survey has also been issued to the NPO sector. Only a very small minority of Guernsey NPOs are active internationally. As with cross-border business, there are no indicators from the information available within the jurisdiction of any TF related activity regarding the NPO sector and no concerns about compliance with risk and governance controls. Here too the authorities looked at findings from international sources, and international concern about NPOs appears to arise primarily from the fact that it can be difficult for them to establish the end use of monies that are distributed 'on the ground' in foreign countries. The survey issued by the authorities was therefore targeted at internationally active NPOs whose activities more obviously lend them to making cash distributions of this kind, to assess the extent to which this happens in practice.

The findings from the two targeted surveys and from the other information maintained or

considered by the Guernsey authorities relevant to overall TF threats is summarized as follows:

- An extremely low proportion of cross-border business involves jurisdictions that are high risk from a TF perspective
- The number of transfers of funds and cash withdrawals from Guernsey accounts involving end use and transit countries is extremely low in absolute terms, and negligible when considered as a proportion of the overall number of transfers and withdrawals from Guernsey
- Guernsey does not provide Hawala services and there are no domestic or international indicators of terrorists using other types of structures and services which Guernsey does provide (e.g. collective investment schemes, companies, trusts or online gambling services)
- Internationally active NPOs typically provide practical humanitarian assistance by transporting items such as food, clothing and medical supplies abroad, rather than by making distributions by way of cash 'on the ground' to beneficiaries or affiliated support workers and organisations
- The STRs from all sectors related to TF and those from or related to NPOs for other reasons (mainly tax evasion) have been analyzed. The annual figure is either nil or is so low as to be statistically insignificant and it discloses no trends: most have been disseminated to various competent authorities, including the National Terrorist Financial Investigation Unit in the UK, and this did not lead to any follow-up requests for assistance
- To date there has been no other information that would constitute grounds for a TF investigation or prosecution
- To date there have been no TF-related requests for international assistance from any country in relation to TF (apart from a single instance nearly ten years ago relating to an attempted coup in an African country)
- There has been no indication in any UK intelligence briefings or alerts to suggest TF activity in Guernsey
- No assets have been frozen either under UNSCRS 1267 and 1373 or under the criminal justice system on suspicion of being terrorist property

The authorities also considered the CFT controls that Guernsey has put in place. These are considered to be strong for the following reasons:

- Guernsey has a comprehensive legal framework that either meets or goes beyond international TF standards

- The findings of the supervisory authorities are that the levels of awareness and compliance with CFT obligations (including training on TF issues) among reporting entities are high
- The findings of the NPO Registrar are that levels of compliance with risk and governance obligations by NPOs are high
- There are fortnightly briefings between the FIU and Guernsey Special Branch about on-going risks of terrorism and TF, and information is passed on to other authorities as necessary using well established multilateral information sharing mechanisms to ensure that there are no gaps in the jurisdiction's awareness of these issues.

On the basis of these findings the international risk has been assessed as low.