The fight against terrorist financing

2005/2065(INI) - 07/06/2005 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Mario BORGHEZIO (IND/DEM, IT) stating that minimum standards should be adopted to prevent organisations being used by terrorists to channel funds. (Please see the summary of 24/05/2005.) Parliament stated that such minimum standards should be formulated for rules on transparency in the charity sector to ensure that banks, credit institutions, insurance and finance companies and not-for-profit organisations achieve maximum transparency in their own management, financial and accounting procedures. They should exclusively use official bank accounts for fund deposits and standard and formal channels for fund transfers, and publish balance sheets which include information on the precise identity of the recipients and on the intended use of the funds.

Other recommendations include the following:

- establish cooperation and exchange structures, including at technical level, to facilitate structured exchanges of information between EU intelligence services, including Europol and Eurojust;

- implement, via the urgent adoption of suitable legislation, measures to ensure the monitoring and traceability of international banking transactions, since these are major means of payment for supplies of weapons and drugs and the proceeds may be used for terrorist ends;

- implementation of all the FATF (Financial Action Task Force on Money Laundering) recommendations;

- introduce measures to monitor transfers of funds initiated outside the official channels and prevent the use and infiltration of not-for-profit associations and charities by terrorist organisations, while also supporting the proposal for a European code of conduct and for the charitable sector which would require the publication of balance sheets and institute common rules for auditing and monitoring of accounts;

- establish the requirement that financial institutions, and any other entities subject to obligations relating to the prevention of money laundering, urgently communicate all useful information to the competent public authorities when there is reason to suspect that certain funds might be channelled into terrorist activities or, more generally, to terrorist networks.

It should be noted that the most urgent measure to combat the financing of terrorism is the revised directive on money laundering, which includes provisions against financial transactions suspected of being used to finance terrorist activities.

This recommendation is part of a package of seven recommendations to the Council suggesting the next steps to be taken as part of the Action Plan against Terrorism, which is to be reviewed by the European Council at the summit on 16-17 June. (See also CNS/2004/0812, CNS/2004/0069, INI/2004/2214, INI/2005/2044, INI/2005/2198, and INI/2005/2046.)