

ECONOMIC ASPECTS AND FINANCIAL SOURCES OF TERRORISM

Abdullaeva Mavlyuda Sadykovna

Public Safety University, Republic of Uzbekistan, Tashkent city

Resume: In the article, the author examines the economic aspects of terrorism. The stages of financing and other material support of terrorist activities, the goals and objectives of the subjects of terrorism for its financing are analyzed in detail. A detailed explanation of the sources of their financing is given, the difference between the concepts of "money laundering" and "financing of terrorism" is shown. Attention is drawn to the possible links between the financing of terrorism and money laundering. Based on foreign and domestic materials, literature, the experience of international organizations and the Republic of Uzbekistan in countering financing and combating extremism and terrorism is revealed.

Key words: Extremism, terrorism, terrorist activities, financing of terrorism, sources of financing, money transfers, money laundering, counteraction,

Introduction.

Terrorism is a policy based on the systematic use of terror. Synonyms of the word "terror" (Latin terror - fear, horror) are the words "violence", "intimidation", "intimidation" [9].

Terrorism as a social and legal phenomenon (in a broad sense) is traditionally referred to as political crime. But its nature is quite extensive and often has economic, religious, and other components. This allows you to study this phenomenon in the context of other branches of science. For the first time, such a phenomenon as the financing of terrorism within the framework of international law was mentioned in 1994 in the UN Declaration.

Being a global problem and, despite the efforts of the world community, terrorism remains one of the main threats to international security. According to the Deputy Secretary of the Security Council of Russia Yuri Kokov, about 23 thousand people around the world became victims of terrorist attacks in 2021. Since the beginning of this year, more than 7 thousand terrorist attacks have been carried out in 75 countries [18].

The main reason is that terrorism has strong financial support, options for which are transforming faster than countermeasures taken by the world community.

The ongoing events of the present time show that the escalation of the activities of terrorists and their formations increasingly threatens the security of many states, carries great economic and other costs, since terrorists, blowing up themselves and those who are nearby, also hit the state budgets of the countries involved in the anti-terrorist campaign. And this financial attack is directly related to simple, "peaceful" taxpayers. It is this financial line terrorism is noted by experts, since in addition to human casualties, the world economy also suffers. Evidence of this, impressive in the number of victims, extremist attack - terrorist attacks on September 11, 2001 in the United States.

Terrorism costs the economy \$ 34 billion a year [17].

According to research by the Institute of Economics and Peace, countries have been identified whose economies are most influenced by terrorism in relation to the country's GDP.

Countries	% of GDP
Iraq	17,3
Afghanistan	16,8
Syria	8,3
Yemen	7,3
Livya	5,7
South Sudan	4,8
Nigeria	4,5
Pakistan	2,8
Niger	2,1
TSAR	2,1
(Central African Republic)	

Source: Vesti Ekonomika More: <https://investfuture.ru/news/id/ekonomika-pod-gnetom-terrorizma-10-stran> © Investfuture.ru

It follows that in modern conditions terrorism acts as an instrument of economic wars and the struggle for resource markets and sales markets for large corporations in rich countries, and the terrorist threat generates a number of economic risks, among which the following factors should be highlighted:

- decline in economic sovereignty;
- decline in competitiveness;
- decrease or loss of investment attractiveness;
- reduction of the innovative component of economic development;
- lower living standards and social guarantees:
- generating problems of unemployment, illiteracy, lack of the competence of the workforce, low levels of health care, social protection, increased mortality, and more;
- imbalances of the world global economic system;
- stratification of society into rich and poor, as a result, clear economic inequality.

These and other problems contribute to the fact that terrorism becomes the object of research of almost all social sciences and humanities, including economists. Despite the relevance and topicality, the economic aspects of terrorism and its analysis are not found enough in the scientific research of domestic scientists. In foreign scientific literature, this problem became widely covered after the terrorist attacks of September 11, 2001 in the United States.

In our opinion, when studying the economic aspect of terrorism, the issue of financing terrorist organizations occupies a special place, since the budgetary system of functioning of terrorist organizations is the most important for the realization of the goals, ideas and tasks of terrorists.

The purpose of this article is to identify existing and potentially possible channels of financing international terrorism, as well as to develop a set of theoretical and methodological provisions that expand and deepen the understanding of the economic aspects of terrorist activity and its financing, on this basis, the formation of recommendations for improving this problem.

In order to achieve the intended goal, an analysis of the economic and legal framework for countering international terrorism, including Uzbekistan, was carried out, which makes it possible to determine the versatile basis of the study. The empirical basis of the article was the reports of international organizations, including the Group of Twenty, the International Center for the Study of Radicalization and Political Violence, and many others, as well as various documents of the Republic of Uzbekistan.

Methodology and methods of research.

The theoretical and methodological basis of the study is the basic provisions of modern macroeconomics, risk theory, banking theory, as well as the concepts of countering money laundering and terrorist financing by banks, developed in the Republic of Uzbekistan and foreign specialists.

Methods of scientific cognition, including comparative and structural analysis, were used in the research process.

The main content.

Financing of terrorist activities

The essence of terrorist financing is to organize targeted activities to collect or provide it during the preparation and commission of a terrorist act by an individual criminal or a terrorist organization.

At present, the financing of terrorism is a new threat to international security and is therefore the subject of discussion and research of world civilization. That is why, before proceeding to the analysis of the problem under study, it is necessary to understand what the concept of "financing of terrorism" represents.

The financing of terrorism is the provision of funds or financial support to terrorists [3]. It follows from the definition that in order to carry out their activities, terrorist organizations, like other organizations, need not only human resources, but also financial resources.

Material resources are needed for the preparation and organization of terrorist attacks, propaganda and recruitment, training of militants, payment of salaries to the leadership and members of the organization, as well as compensation to the families of arrested or deceased members [5, p.53]. Most of the funds are spent on ensuring the current activities of a terrorist organization, while the costs of carrying out, in fact, terrorist attacks are relatively small. For example, 8 thousand pounds were spent on carrying out terrorist attacks in London in July 2005; 10 thousand dollars were spent on bomb explosions in Madrid in March 2004 [10]. It also follows that the strength of terrorist activity directly depends on the level of its financing and material and technical equipment. In this regard, freezing the assets of terrorist organizations and blocking the channels of financing terrorist activities is recognized as one of the most important tools in the fight against international terrorism.

According to the Decree of the President of the Republic of Uzbekistan "On approval of the strategy for the development of the national system of the Republic of Uzbekistan for countering the legalization of proceeds from criminal activity, financing of terrorism and financing the proliferation of weapons of mass

destruction" is one of the conditions for improving the effectiveness of the fight against domestic terrorism [15]. At the same time, this law requires scientific research.

The events of September 11, 2001, in fact, divided the world into before and after, which influenced the change in the perception of the threat of terrorism and its financing. This monstrous tragedy in the United States clearly defined that terrorism is not so much a war, first of all, money, moreover, considerable. It is difficult to calculate the total economic damage from terrorist attacks, since the events have indirect consequences of varying degrees of causality (indirect estimates of the economic effects of terrorist attacks include the costs of those decisions that followed the terrorist attacks, but which could not have been). According to various sources, the economic losses of the United States for this series of terrorist attacks amounted to more than \$ 200 billion in terms of dollars in 2021, It is not difficult to understand that if we take into account the cost of the American wars that followed these events, the amount will increase tenfold.

Recent decades have shown that whatever the terrorists appeal, their groups are mostly guided not by religious or ideological considerations, but act as rational economic agents. Their main goal is to seize economic capital.

The financing of terrorist activities is divided into two subspecies:[1]

- financing directly for the execution of terrorist attacks;
- financing to attract, train members of terrorist organizations,

develop the material and technical base and promote terrorist organizations among the broad masses of the population.

It follows from this that the financing of terrorist organizations can be tactical (financing terrorist attacks) and strategic (financing the development of a terrorist organization).

The process of financing terrorism [6] has three stages, each of which differs in the forms and methods of its financing:

1. *fundraising*, where funds come from legitimate (for example, donations, fees through non-profit organizations, legal enterprises) and illegal sources (for example, proceeds from criminal activity);
2. *transfer* of funds using legal and illegal mechanisms;
3. *financing* of terrorism. The funds received are used for ensuring all types of activities carried out by terrorists or terrorist organizations.

Sources of funding

Despite the fact that the sources of terrorist financing have remained unchanged, which researchers usually divide into legal and illegal, their share in the financing of terrorist organizations has changed.

The financing of terrorism, in part, can be compared with money laundering moneys'. This applies mainly to methods and methods of using elements of the financial system. But the financing of terrorism has its own characteristics, which distinguishes it from money laundering. It is worth noting that in money laundering, the sources are always crimes. In the process of laundering, the goal is the desire to take advantage of criminal proceeds, but previously they are given the appearance that they were obtained legally.

As for the sources of terrorist financing, they can also be crimes. However, in addition to the proceeds of crime, terrorist activities can also be financed from legal sources, such as business income, personal savings, donations for charitable purposes, and sometimes funds from States that support terrorism.

Until the end of the twentieth century, the main help in financing terrorism came from the help of foreign states and special services. Subsequently (1990-2000), state sponsors gradually began to be replaced by charitable and non-governmental organizations, private individuals. At the same time, there was a diversification of funding sources. Currently, terrorists receive money most often in small amounts from many sources [5, pp.53-54].

Legal sources of terrorist financing:

- 1) legitimate business activities of enterprises controlled by terrorist organizations;
- 2) donations from individuals, charitable and non-profit organizations.

For example, Al-Qaeda invested in the creation of agricultural enterprises in Kenya, the development of forestry in Turkey for the subsequent cutting and sale of wood, the creation of construction enterprises. The income received from the activities of such enterprises scattered around the world was legalized using a complex money laundering scheme, and then sent to terrorist groups [8, p. 30].

Often, legal enterprises only mask the sources of the origin of funds that come either from the terrorists themselves or from some illegal source.

Despite the fact that private donations do not constitute the main source of income for large terrorist organizations, they play an important role against the background of a reduction in funding from other sources.

One of the important sources of funding for Islamic groups is donations from believers for charitable needs. They are considered mandatory for Muslims. Despite the fact that zakat is made by private and legal entities regularly, but it is usually not legally regulated by the authorities and is not subject to tax, audit or any other verification by the state. At the collection stage (in mosques, Islamic banks, etc.), these funds are absolutely legal. They are managed by various Islamic foundations and charitable organizations.

In the 21st century, fundraising is often carried out through social networks, which allows terrorist organizations around the world to expand the funding base through voluntary transfers of people, whether directly to finance "jihad", or under the guise of charitable purposes, followed by the transfer of funds to terrorist organizations. Up to several thousand "sponsors" can participate in large-scale and well-organized schemes to raise funds, significantly increasing the volume of such fees [11].

One of the trends nowadays is the excess of the terrorists at the expense of personal income terrorists: salaries, social benefits, loans (less than 10 thousand dollars.) income from controlled commercial enterprises, etc. as example, the attack on the editor of the satirical magazine "Charlie Hebdo" and the kosher food store in Paris in January 2015, which was committed with a deadly weapon.

As likely sources of financing, there are:

- a consumer loan in the amount of 6 thousand euros, received and subsequently cashed out using forged documents;
- income from the sale of a used car abroad;
- cash transfers from the sale of counterfeit products [12].

Some experts consider terrorism as a special kind of profitable business. Having accurate information about the place and time of a major terrorist attack, terrorist organizations can make a significant profit. According to some reports, Bin Laden's partners used information about the terrorist attack on September 11, 2001 to speculate on the stock market. This fact was partially confirmed by the International Organization of Securities Commissions (Organization Internationale de Commissions de Valeurs, IOSCO). She came to the conclusion that some stock market players who had made significant profits a few days before the terrorist attack had insider information [4, c,32].

Recently, we can note a tendency to merge and coordinate the efforts of terrorists with transnational criminal crime. Among them are the main:

- drug trafficking;
- economic crimes;
- human trafficking;
- smuggling and sale of goods;
- kidnapping for ransom;
- income from the sale of natural resources and their products.

The mechanism of receipt of funds to radical Islamic groups.

Terrorist organizations traditionally use the banking sector to transfer illegal funds. The large scale of the banking network provides terrorists and those who finance them with the opportunity to "mix" their funds with other cash flows, where it becomes possible to "not shine", and send transfers on demand. Payment systems that provide for a high degree of confidentiality give terrorists the opportunity to remotely manage their accounts.

In the most simplified form, the funds of "Islamic donations" from individuals, companies and financial institutions through bank transfers are transferred to the accounts of the parent charitable organizations, while maintaining their legal nature at this stage. Then they are transferred (also often legally) to the local branches of the relevant funds. There they are split up and are placed at the disposal of radical groups in various ways, at this stage the criminalization of money takes place.

Banking products are also used to finance terrorism. For example, a savings account is opened, and debit cards linked to it are transferred to a member of a terrorist organization, from which it is easy for terrorists to withdraw cash through ATMs.

Cash is still widely used in terrorist activities. Money transfer is usually carried out in several stages: the collected funds are sent through a series of electronic transfers, and then withdrawn in cash for further transportation by couriers. To break the chain and conceal the sources of money, their final recipients' cash is transferred to other accounts and then sent further through neighboring countries [8, pp. 34-36; 53-54].

With the development of modern technologies, new payment products, as well as services and methods of financing terrorism are emerging, many of which are similar to money laundering methods used by organized criminal groups. Virtual currencies, such as bitcoin, attract the attention of various criminal groups. This technology allows anonymous money transfers on an international scale. Despite the fact that the fact of the initial purchase of currency can be established (for example, in the banking system), however, the identification of all its subsequent transfers becomes difficult.

According to the observations of the US Secret Service, criminals are specifically looking for and finding virtual currencies that:

- provide anonymity for both users and transactions;
- allow you to quickly transfer illegal income from one country to another;
- characterized by low fluctuations in exchange rates;
- widely accepted in the criminal world and trusted.

Or, traveler's checks are replaced as a means of moving money abroad by prepaid cards, on which a certain amount of electronic money is put. The data is recorded directly on the card itself or stored remotely. Such cards can be replenished at any point, both in cash and electronically. This does not require any reporting, moreover, the transfer is moved across borders without any declaration during cross-border transportation. In a country used for the transit of money intended for the financing of terrorism, money they are cashed out by withdrawing them from the card through ATMs. The only limitation in this case is the amount of a one-time cash withdrawal [8, p. 57, 59].

The above indicates that terrorism is keeping pace with technological progress and in the future will look for new ways to finance its activities and conceal the sources of funds.

Economic risks generated by the laundering of criminal proceeds.

Generalization of positions from various scientific publications allowed us to form the following list of economic risks generated by money laundering:

- capital flight risks;
- systemic risks of the financial market;
- risks of stock market instability;
- risks of the shadow economy.

The economic prerequisites and consequences of the realization of the risks generated by the laundering of criminal proceeds are presented in table 1.

Table 1.

Economic background of money laundering	Economic consequences of money laundering
The possibilities of entering/withdrawing legalized funds to/from the legal financial system	The discrepancy between the volume of demand for capital to the conjuncture of the national financial market and economic trends
The possibility of entering/withdrawing legalized funds across national borders	Exchange rate volatility due to sudden cross-border capital movements
Concentration of the loan portfolio on borrowers associated with the criminal world	Decrease in the asset quality of financial institutions
Availability of criminal capital	Artificial distortion of asset prices
The existence and emergence of new forms and methods of money laundering	Increasing the scale of the shadow sector economy

Source [2]

Also, the economic risks generated by the laundering of criminal proceeds include risks associated with the leakage of financial resources into offshore zones and illegal activities of offshore companies. Thus, the factors of terrorist threat, terrorist financing, money laundering are elements of economic risk.

The system of countering the financing of terrorism in the Republic of Uzbekistan.

Uzbekistan faced acts of international terrorism in February 1999. In this regard, the country is actively involved in the process of combating it.

Being the most populous country in the region, the Republic today takes a firm position on the issue of combating the terrorist threat. The principled position of Uzbekistan is that "no country should exclude its participation in the fight against global terrorism, there should be no transit zones and "green corridors" for terrorist organizations" [16].

Uzbekistan participates in the work of the Committee on Combating Terrorism under the UN Security Council, in the CIS Anti-Terrorism Center, conducts relevant work within the framework of the Shanghai Cooperation Organization, actively contributes to the efforts of the International Coalition of Anti-Terrorist Forces. A commission for combating the financing of terrorism has been established, which cooperates with the other member States of the Eurasian Group on Countering the Legalization of Criminal Proceeds.

The Law of the Republic of Uzbekistan "On combating terrorism", adopted in December 2000, is of great importance for ensuring national security. It should be noted that not all countries have similar documents yet. Uzbekistan is a party to all existing UN conventions and protocols on combating terrorism.

This positive trend is consistent with global efforts. In the course of implementing this course, Uzbekistan is laying the foundations of an important and unprecedented new direction and model for the Muslim world. President of Uzbekistan Sh.Mirziyoyev has taken effective steps aimed at solving the problem of extremism. The national idea of "Enlightened Islam" has been launched. 2021 marks the 15th anniversary of the adoption of the UN Global Counter-Terrorism Strategy and the 10th anniversary of the adoption of the Joint Plan for its Implementation in Central Asia.

Taking into account the changing situation, Law No. ZRU-405 of 25.04.2016 "On Amendments and Additions to certain Legislative Acts of the Republic of Uzbekistan" amended a number of regulatory legal acts related to the suppression of terrorism. In particular, the Law "On Combating Terrorism" dated 15.12.2000 No. 167-II includes such a concept as:

financing of terrorism – activities aimed at ensuring the existence, functioning, financing of a terrorist organization, traveling abroad or moving through the territory of the Republic of Uzbekistan to participate in terrorist activities, preparation and commission of a terrorist action, direct or indirect provision or collection of any funds, resources, other services to terrorist organizations or persons assisting or participating in terrorist activities;

The list of state agencies engaged in the fight against terrorism includes the Department for Combating Tax, Currency Crimes and Money Laundering under the Prosecutor General's Office.

Now the powers of the Department also include:

- monitoring of transactions with cash or other property to identify and suppress the facts of terrorist financing;
- making a decision to suspend operations with cash or other property in the cases and in the manner prescribed by law;
- exercise of other powers in accordance with the legislation.

The Law "On Countering the Legalization of Proceeds from Criminal Activity and the Financing of Terrorism" dated 26.08.2004 No. 660-II sets out the basic concepts and responsibilities of organizations engaged in transactions with cash or other property.

It should be noted that the ongoing work in the fight against terrorist organizations, achievements in the direction of countering terrorist finances, the creation of appropriate national mechanisms and procedures for this allow Uzbekistan to move to more active positions within the framework of international cooperation. First of all, with regard to improving the effectiveness of the fight against the financing of terrorism in areas of priority interests - in particular, in the CIS space.

Conclusions.

Concluding the analysis of the financing of terrorism as a threat to international security, it is advisable to draw a number of conclusions:

Firstly, the financing of terrorism is a complex phenomenon that affects the interests of all significant subjects of world politics, posing a danger not only from the point of view of financing terrorist attacks, but also ensuring the activities of terrorist organizations.

Secondly, the modern trends of the terrorist financing system confirm the existence of a transnational "economy" of terrorism, which has become firmly entrenched in the world economic system and has jeopardized global economic integrity and security.

Thirdly, it should be recognized that for quite a long time the international community has not paid due attention to the problem of terrorist financing. After the terrorist attacks in the USA in 2001, states could no longer be guided by selfish considerations and the principle of "help yourself", putting the relative benefits of cooperation above the absolute ones. This knowledge in line with constructivism determined the further behavior of the actors of world politics.

Fourth, if the first decade of the 2000s can be considered a stage active securitization of the problem of terrorist financing, then the second The decade of the 2000s should be called a stage of qualitative transformation of the terrorist financing system. In the 21st century, terrorists are taking full advantage of the conditions of the "perfect storm" in which the modern world resides. The growing interdependence of States, primarily in the financial and digital space, has led to the blurring of borders between States, expanding the system of terrorist financing across the entire spectrum of related elements: sources, channels and subjects. The collapse of the bipolar system led to the orientation of terrorist groups to self-support and withdrawal from state support, which in modern conditions turned them into independent subjects of world politics.

Such a situation brings terrorists one step closer to a kind of "statehood" of their entities.

Fifthly, the strengthening of the political factor in the system of financing terrorism determines the solution of the problem both in the legal or technical planes, and in the political one. It is there that the main efforts of the international community should be concentrated. If earlier

financial sanctions were put at the forefront, which were directed to transactions with foreign countries, now political instruments are coming to the fore.

The practice of interaction between States in countering the financing of terrorism once again confirms the idea that there is no alternative to international cooperation in the fight against terrorism, and since terrorism is an international problem, therefore, counter-terrorism is an international issue.

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