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The Source Of 'Terrorist' Money - How They Makes It?

**CH.Bhanu Prasad**

Anurag group of Institutions (CVSR) Hyderabad, India

\***Corresponding author:** CH. Bhanu Prasad, Anurag Group of Institutions (CVSR), Hyderabad, Telangana, India; Pin: 500082; Tel: 7702627935, Email: bhanu\_22226@rediffmail.com

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# Abstract

Terrorism financing alludes to exercises that give financing or budgetary backing to individual terrorists or terrorist groups. A government that keeps up a rundown of terrorist associations regularly will likewise pass laws to forestall tax evasion being utilized to fund those associations.

Laws against tax evasion and dread financing are utilized far and wide. In the Assembled States, the Nationalist Demonstration was passed after the September 11 Assaults, giving the administration hostile to government evasion forces to screen monetary foundations. The Nationalist Demonstration has created a lot of contention in the Assembled States since its establishment. The Assembled States has likewise teamed up with the Unified Countries and different nations to make the Terrorist Account Following System

# Keywords:

Islamic State; Money; Syria; Funds

# Introduction

The Islamic State [IS], also known as the Islamic State of Iraq and Syria [ISIS] or the Islamic State of Iraq and the Levant [ISIL] is a brutal Sunni Muslim terror organization that gained traction and came to prominence in 2012-2014 during and after Syria's civil war [1,2].

ISIS is considered to be one of the richest terrorist organisations in the world and with the recent massacre in Paris; it doesn’t look like it’s going anywhere soon [3]. But the big question is where this terrorist organisation makes money?

It seems that the group's ways of funding area unit terribly totally different from different distinguished terrorist organizations and far harder for the U. S. and different countries to clean up. In contrast to several terrorist teams, that finance themselves chiefly through loaded donors, the Islamic State has used its management over a territory that's roughly the scale of the U.K. and residential to countless folks to develop distributed revenue channels that build it additional resilient to U.S. offensives.

When ISIS was starting off, it relied heavily on cash donations from sympathizers. Much of these donations were from wealthy Arabs in the Persian Gulf who believed in the group’s ideology. The majority of the funds came from Qatar because the Qatari government does not strictly enforce laws over the flow of currency, whereas neighboring countries such as Saudi Arabia and the United Arab Emirates do [4]

ISIS makes money mainly by Sales of oil and gas, Taxes on daily needs like food [wheat], water, electricity, Support from wealthy people, Extortion, Kidnappings of foreigners and demands for ransom amount of money, Selling looted antiquities [5]

# Sources of Income

## Illicit trade of Oil

ISIS controls substantial oil fields in the region and sells them in the black market. As per an UN estimate, they are raking in $1.8 million every day from Oil sales. Most of the ISIS oil is being sold by local traders and consumed domestically, but some of it also gets smuggled across to Turkey where it sells at almost 2-3 times what the price they get in Syria. Others believe Turkish and Iraqi oil buyers travel into Syria with their own trucks, and purchase the ISIS oil right at the refineries, transporting themselves out of Syria [6,7]. A smuggled barrel of oil is sold for about $50 on the black market. This means several million dollars a day worth of oil would require a very large number of very small pipes.

About 43 per cent of revenue comes from oil extracted in Syria and Iraq. It can’t sell on the open market, but uses smugglers and middlemen. This underground market allows it to get more cash from drugs as well. Oil sales initially provided much of the Islamic State's revenue, but that has declined since the U.S. and others launched an extensive campaign of airstrikes on the group's oil and gas facilities, according to a report by the Congressional Research Service in April.

By October 2014, the U.S. had reportedly destroyed about half of the group's refining capacity. The United States has also tried to identify and target oil brokers and encourage Turkey to clamp down on smuggling on its border.

The Islamic State's oil and gas revenue has also suffered because the engineers and other technical experts necessary to make these products have either fled the area or been killed. The terrorist group has been trying hard to recruit skilled people, as the head of their group calling for scientists, engineers, doctors and people with administrative expertise to join their organisation [8].

## ****Imposing Taxes on daily needs****

Because the Islamic State controls an expansive territory, it can levy taxes on the people who live there. Some of these taxes are akin to those of a normal state, while others are more like extortion.

The Islamic State levies taxes on things including goods sold, utilities such as electricity and water [when they run, that is in some areas, the electricity is only on for an hour a day], telecommunication companies, cash withdrawals from bank accounts, employee salaries, trucks entering Islamic State-controlled territory at checkpoints, looting archaeological sites and non-Muslim communities in general.

A report states that extortion and taxation could generate as much as $360 million per year for the terrorist organization. People in the area describe a kind of two-tiered system, where the Islamic State fighters and their families receive a variety of free services, including housing and medical care, while others are taxed heavily [9].

## ****Kidnapping people for ransom amount of money****

A U.N. report from October 2014 cited estimates that the Islamic State had generated $35 million to $45 million in the previous year through kidnapping for ransom alone [10].

The United States and U.K. have tried to limit this financial channel by making it illegal to pay ransoms to terrorist organizations. The policy can seem very cold-hearted to the families that are affected by kidnapping, but officials maintain that it discourages terrorists from taking American and British hostages in the first place.

The Islamic State also generates a significant amount of revenue from kidnapping for ransom in its own communities, acts that tend to go unreported in the international press [11].

## ****Funding from Rich Donors****

When it was starting out, Isis was ‘seed funded’ by wealthy donors –individuals and charities from across the Middle East, especially Saudi Arabia, Qatar and Kuwait. Isis-controlled territory produces up to 60,000 barrels per day, netting the caliphate an estimated £1m every 24 hours, according to an estimate by IHS, an energy research consultancy [12].

Although the Islamic State isn't primarily financed by wealthy donors the way that other terrorist organizations are, these contributions are still a substantial source of revenue.

Some estimates say that the Islamic State received up to $40 million from businessmen, wealthy families and other donors in Saudi Arabia, Qatar, Kuwait and the United Arab Emirates. Many of these elite donors chose to fund the Islamic State because of fear and animosity for Iran and Syrian President Bashar al-Assad.

The international community criticized these countries for financing terrorists; Saudi Arabia criminalized financial support in 2013 for the Islamic State, al-Qaeda and other terrorist organizations.

The United Arab Emirates also appears to have made headway in limiting terrorist financing, according to Brookings. But other funding channels, including through unregistered charitable organizations that funnel money to the Islamic State, are still open [12].

## ****Auctioning Historic Antiquities****

As the Islamic State has gained territory, it has taken control of museums, private collections and archaeological sites. This has given the terrorist group an expansive supply of precious art and historical artifacts. Earlier this year, the group had at least 4,000 cultural sites under its control, according to a source.

Some of these antiquities are destroyed, but others are resold for a profit, often flowing to markets in Turkey and Jordan, and from there to Europe and other advanced countries [13].

Sale of antiquities both those stolen from collections and those that were newly excavated was the group's second large source of revenue after illicit oil sales. Other U.S. estimates put the total volume of trade in antiquities at more than $100 million a year.

More than a third of Iraq’s important archaeological sites are now under ISIS control and it has hastily begun excavating and selling artifacts dating from 9,000 B.C. to A.D. 1,000 through intermediaries to collectors and dealers, says al-Hamdani. “It is the looting of the very roots of humanity, artifacts from the oldest civilizations in the world. A shrine, a tomb, a church, a palace or an archaeological site is dug up. They will sell the useful objects and destroy the rest Iraq is bordered by six countries: Syria, Saudi Arabia, Iran, Jordan, Kuwait and Turkey. ISIS moves oil and fuel across some of these borders with tanker trucks for sale beyond its borders [13].

## Looting national ****banks****

What sets apart and give them tremendous power is their takeover of the financial sector and have been assuring the continuity of retail banking operations in that region: overall they seem to be controlling of 140 deposit bank branches [14].

The Treasury Department has estimated that the Islamic State gained at least half a billion dollars in cash by seizing branches of state-owned banks in northern and western Iraq in 2014.

Before looting, their total cash and assets were $800 million. Afterward, with the money they robbed from banks and the value of the military supplies they looted, they could add another $1.5 billion to that [14].

## ****Occupying lands****

The Islamic State has been generating cash by renting and auctioning off the properties of people who have been killed or fled newly occupied areas. "Property owned by individuals that the IS group considered their enemies such as Iraqi army and police, government officials, politicians, judges and public prosecutors has also been seized. And recently the group decided they should also own the property belonging to specialists in certain fields [15].

## ****Agriculture****

Islamic State now controls some of the most fertile parts of Iraq and Syria, which produce a lot of wheat and barley. According to Thomson Reuters, if those crops were sold at a 50 percent discount on the black market, that could still generate more than $200 million in annual income for the Islamic State [16].

Other crops are simply taken from farmers. Some of the wheat is milled in Islamic State-owned flour mills, according to reports, and subsequently sold to local people and bakeries for money [16].

## ****Money from natural resources like Phosphate, cement and sulfur****

The area that Islamic State has captured is rich in natural resources including phosphate, cement and sulfur. Thomson Reuters estimates that phosphate resources might generate as much at $50 million a year for Islamic State at discounted prices, while sulfuric acid and phosphoric acid might generate $300 million [17]

There are still lot of things from which this organization cerate money from foreign fighters, human trafficking, slavery, etc… people who travel to join the Islamic State bring with them hard currency though this appears to be a relatively limited funding source for the Islamic State [18].

# Conclusion

ISIS’s criminal activities have made it the most-funded terrorist group in history. The accumulation of its sizable wealth has allowed the group to increase its operational scope, attain weapons and resources and recruit local and foreign fighters.

The multifaceted and dangerous relationship ISIS has cultivated for each fundraising method has been exceptionally calculated and profitable. Through the exploitation of known smuggling routes on Turkey’s border, it has used the black market to sell oil, natural resources and looted goods. Similarly, the group has profited from banks lacking in sanctions and wire controls of laundered money and illegally donated funds [19,20].

But without greater oversight and control over the flow of funds to areas in the Islamic State's near abroad, the group will continue using backdoors to fund its brutality and terrorism in Syria, Iraq, and elsewhere [21].

The terrorists who have come from all the countries, from which channel [did they enter], where were they trained, in which country were they trained? I don't think it is somehow difficult to identify this information.” But U.S. officials suggest that as the group has expanded and its range of enemies has broadened – so have its costs, which could make the group vulnerable [22].

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