



# Financial Intelligence in the Age of Lone Actor Terrorism

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## About Project CRAAFT

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Europol, the EU's policing agency, assesses that the continent's most significant terrorist threat emanates from lone actors or small cells carrying out violence on their own accord without being directed by larger organisations'.<sup>1</sup> According to its latest annual Terrorism Situation and Trend Report, this threat comes from both Islamist extremism and, increasingly, the far-right.<sup>2</sup> Despite the coronavirus pandemic, the threat remains immediate and ongoing and lone actor attacks continue across Europe, undeterred by social restrictions. In April 2020, two were killed and five wounded in a knife attack in Romans-sur-Isère, France; in June, three were killed and three injured in a stabbing in Reading.

Such lone actor and small cell (LASC) attacks have created an acute challenge for counterterrorism (CT) efforts, which, for the first 15 years of this century, had largely benefited from terrorists undertaking controlled, coordinated attacks which were more easily detectable.<sup>3</sup> This challenge is felt acutely by CT's financial arm, the counterterrorist finance (CTF) regime, which, built on the presumption that terrorist networks use the formal financial system to fund spectacular attacks, now seems largely redundant in the face of undetectable simplicity.

CTF is struggling therefore, in the age of LASCs. Financial intelligence (FININT) – information on a target's financial affairs – might be put to better use if deployed to enrich CT intelligence and large-scale surveillance, prioritising the apparently lower-order targets who, increasingly, have gone on to become lone actors. To deliver this change, however, the CTF regime will need to be reconfigured around stronger, more direct partnerships between financial institutions (FIs) and intelligence, security and law enforcement agencies than have existed up to now.

## Scope and Caveats

This research briefing is the third deliverable of five in the RUSI Europe project 'Lone Actor and Small Cell Terrorism and the Future of CTF', which reviews the recent evolution of the terrorist threat in Europe across all ideological backgrounds, and considers the implications for the future of CTF. The briefing was preceded by a literature review and a digest of research interviews,<sup>4</sup> and will be followed by a collection of case studies of recent LASC attacks focusing on France, Germany, Sweden and the UK, and a final report, due in early 2021. This year-long project is part of a three-year multi-partner research programme on CTF, 'Project CRAFT', funded by the European Commission.<sup>5</sup>

## Defining LASCs

The academic literature around the term 'lone actors and small cells' is inconclusive and definitions remains disputed;<sup>6</sup> this briefing therefore sidesteps that debate for the time being, using a working definition that follows Europol in prioritising the importance of *operational autonomy* as the mark of a LASC. LASCs choose to undertake an attack and prepare and execute it themselves, but they are not necessarily unconnected to wider extremist networks.<sup>7</sup> Of course, the existence of actors' wider links to other extremists creates 'boundary' cases, where operational autonomy might be difficult to perceive. However, this is in the nature of the area of study; determining the level of personal sovereignty over an attack can be difficult to unpick, and such assessments have to be made on a case-by-case basis.

1. Europol, 'European Union Terrorism Situation and Trend Report (TE-SAT) 2020', 23 June 2020, <<https://www.europol.europa.eu/activities-services/main-reports/european-union-terrorism-situation-and-trend-report-te-sat-2020>>, accessed 6 August 2020, p. 19.
2. *Ibid.*
3. For example, consider the 2006 Al-Qa'ida-linked transatlantic liquid bomb plot that was foiled by UK law enforcement. See Dominic Casciani, 'Liquid Bomb Plot: What Happened', *BBC*, 7 September 2009.
4. Both previous deliverables are working documents not for publication.
5. Collaboration, Research and Analysis Against the Financing of Terrorism (Project CRAFT), <<https://www.projectcraft.eu>>.
6. Michael Fredholm (ed.), *Understanding Lone Actor Terrorism: Past Experience, Future Outlook, and Response Strategies* (London: Routledge, 2017), pp. 1–28.
7. See also Paul Gill, John Horgan and Paige Deckert, 'Bombing Alone: Tracing the Motivations and Antecedent Behaviours of Lone-Actor Terrorists', *Journal of Forensic Sciences* (Vol. 59, No. 2, 2014), pp. 425–35.

## The Origins of the Threat

The emergence of the Islamist LASC threat in Europe is rooted largely in operational necessity. Between Al-Qa'ida's (AQ) 9/11 attacks and the precipitous decline of the Islamic State's territorial empire from 2016 onward, Europe faced a cell-based Islamist extremist threat, largely directed from overseas. Such 'networked' cells mounted ambitious and highly lethal attacks, using improvised explosive devices (IEDs)<sup>8</sup> and, later, coordinated armed attacks.<sup>9</sup> However, increased surveillance and international governmental cooperation proved extremely effective in degrading these capabilities and the command structures behind them.<sup>10</sup> As a consequence, these much reduced networks have gone digital, using social media and online messaging to radicalise and motivate individuals to undertake their own attacks in the name of the movement.<sup>11</sup>

The far-right terrorist threat, which has developed more recently, has emerged into the same operational realities, and is likely to have been shaped by it in similar ways. However, it is possible that their adoption of a 'lone actor' approach is also shaped by conscious copying of Islamist extremist tactics, as well as a preference for the emulation of 'heroic' loners such as Brenton Tarrant, who attacked mosques in Christchurch in March 2019.<sup>12</sup> Indeed, Philip Manshaus, who attacked an Islamic centre in an Oslo suburb in August 2019, was directly inspired by Tarrant, who he idolised, having posted online on the day of his attack: 'My time is up, I was chosen by Saint Tarrant after all'.<sup>13</sup>

## The Attackers

There is no detailed 'profile' for a lone actor or small cell.<sup>14</sup> Among recent Islamist extremists researched for the project so far, most come from modest socioeconomic backgrounds, living off low-income jobs, benefits and student loans. In France, Mohamed Lahouaiej-Bouhlel, the Nice truck attacker of July 2016, was a delivery driver, while Mohamed Hichem Medjoub, suspected of the Lyon letter bombing of May 2019, was dependent on online teaching.<sup>15</sup> Several others have exhibited links to petty criminality.<sup>16</sup> Far-right LASCs also appear to be from relatively deprived socioeconomic backgrounds, and with even greater tendencies towards unusual levels of social isolation. Thomas Mair, who assassinated British MP, Jo Cox, in June 2016, and Tobias Rathjen, the Hanau shisha bar attacker of February 2020, both lived solitary lives and are reported to have had mental health problems.<sup>17</sup>

## The Attacks

LASC attacks can be ambitious, such as the truck bomb and firearms assaults in Oslo and Utøya by Anders Breivik in July 2011.<sup>18</sup> However, such attacks can leave a large operational footprint, making them vulnerable to detection, and require substantial technical expertise and autonomy to pull-off successfully. Extremists now operate in an environment where any plot-relevant ties may expose them to intelligence agencies. The vast majority of would-be attackers also lack the technical skills, competence and stealth of the likes of Breivik. It is little surprise therefore that LASCs have become increasingly likely to carry out basic attacks completely on their own, using easily sourced domestic weapons such as vehicles and knives. Indeed, in the last year, knives have increasingly predominated among Islamist extremists, used for

8. For example, the 2004 Madrid train bombings.
9. For example, the 2015 attacks on the Paris offices of *Charlie Hebdo*.
10. Videoconference interview with former UK intelligence officer, 20 May 2020.
11. Videoconference interview with Peter Neumann, International Centre for the Study of Radicalisation and Political Violence (ICSR), Kings College London (KCL), 4 May 2020.
12. Videoconference interview with Florence Keen, ISCR, KCL, 1 May 2020.
13. Jason Burke, 'Norway Mosque Attack Suspect "Inspired by Christchurch and El Paso Shootings"', *The Guardian*, 11 August 2019.
14. Paul Gill, *Lone Actor Terrorists: A Behavioural Analysis* (London: Routledge, 2016), p. 26.
15. Videoconference interview with French law enforcement official, 9 July 2020.
16. Videoconference interview with Peter Neumann.
17. *BBC News*, 'Thomas Mair: Extremist Loner Who Targeted Jo Cox', 23 November 2016; *New Straits Times*, 'The Bizarre Views of Germany Shooter Tobias Rathjen', 22 February 2020, <<https://www.nst.com.my/world/world/2020/02/567892/bizarre-views-germany-shooter-tobias-rathjen>>, accessed 23 August 2020.
18. Bart Schuurman et al., 'End of the Lone Wolf: The Typology That Should Not Have Been', *Studies in Conflict and Terrorism* (Vol. 42, No. 8, 2019), pp. 771–78.

example in the Paris police headquarters attack in October 2019, the London Bridge attack of November 2019, and the Romans-sur-Isère and Reading attacks of 2020.

Far-right LASCs have also used similar means. For example, white supremacist Vincent Fuller used a knife in an attack on immigrants in Stanwell, in the UK, in September 2019. However, far-right LASC attacks also feature firearms assaults, such as those seen in Halle and Hanau in Germany, in October 2019 and February 2020 respectively. These attacks again demonstrate the appeal within the far-right of imitating the styles of attack used by movement ‘heroes’ such as Breivik and Tarrant.<sup>19</sup>

## The CTF Challenge

The current LASC threat – self-contained, furtive and low-profile – thus poses major investigative challenges for the authorities. More basic attacks are more difficult to detect, and their perpetrators, even if previously ‘on the radar’, tend to be peripheral figures in extremist ecosystems. If LASCs are a challenge to CT, however, they are an even greater problem for CTF. The CTF regime that emerged after 9/11 is built on a ‘corporate’ vision of terrorist finances, typical of formal groups such as Hizbullah or Hamas. Under the regime, terrorists are to be ‘starved’ of funds by pre-existing anti-money laundering tools, comprised in the Financial Action Task Force’s 40 recommendations.<sup>20</sup> FIs act as ‘gatekeepers’ of the financial system, screening customers against watchlists, freezing accounts, and reporting concerning activity to the authorities via Suspicious Activity or Suspicious Transaction Reports (SARs or STRs).<sup>21</sup>

Even before the rise of LASCs, the adequacy of this approach had been under scrutiny for some time.<sup>22</sup> Only a few years after 9/11, ‘networked’ attacks were being largely self-funded without any international support. For example, the AQ-linked cell that attacked the London transport network on 7 July 2005 deployed four homemade IEDs, at the cost of just £8,000, which the cell was able to fund through their own wages and a loan.<sup>23</sup> According to one former law enforcement interviewee, the current style of LASC attacks makes this problem tougher still, because the financial signals from a simple attack are meagre, and the controls FIs have in place to detect them are not sophisticated enough to filter out an inoperably high rate of false positives.<sup>24</sup>

## Assessing the Challenge

FI CTF controls, especially transaction monitoring platforms, are certainly inadequate to the task of detecting LASC behaviours. No more than 14% of alerts – at best – are deemed sufficiently convincing to result in a SAR,<sup>25</sup> and only 1–2% of these SARs go on to form the basis of an investigation.<sup>26</sup> Trying to identify potential LASCs with tools such as these is like trying to catch a gnat in a butterfly net.

FININT itself, however, is not necessarily without utility. Some LASCs are so marginal as to produce no financial information of interest to CT authorities at all. Rakhmat Akilov, an Islamist extremist who mounted a truck attack in Stockholm in April 2017, had no significant financial profile, and stole the vehicle he used.<sup>27</sup> But ongoing case studies for this project suggest that LASCs can produce an ‘exhaust trail’ of financial data that could, in combination with other intelligence, aid agencies’ understanding of their

19. Videoconference interview with Florence Keen.
20. Following 9/11, the Financial Action Task Force produced eight Special Recommendations on Terrorism Financing, which was increased to nine before these were mainstreamed into the revised 40 recommendations on anti-money laundering and counterterrorism financing in 2012.
21. Nicholas Ryder, *The Financial War on Terrorism: A Review of Counter-Terrorist Financing Strategies Since 2001* (London: Routledge, 2017), pp. 1–19.
22. Peter Neumann, ‘Don’t Follow the Money: The Problem with the War on Terrorist Financing’, *Foreign Affairs* (Vol. 96, No. 4, 2017), pp. 93–102.
23. House of Commons, *Report of the Official Account of the Bombings in London on 7th July 2005*, HC 1087, (London: The Stationery Office, 2006), <[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/228837/1087.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/228837/1087.pdf)>, accessed 7 August 2020, p. 23.
24. Videoconference interview with former UK law enforcement official, 4 June 2020.
25. EY, ‘Anti-Money Laundering (AML) Transaction Monitoring: 2018 EMEIA Survey Report’, October 2018, <<https://assets.ey.com/content/dam/>>, accessed 23 August 2020, p. 5.
26. Matthew Redhead, ‘Deep Impact? Refocusing the Anti-Money Laundering Model on Evidence and Outcomes’, *RUSI Occasional Papers* (October 2019), p. 16.
27. Videoconference interview with Magnus Ranstorp, Swedish National Defence College, and Swedish law enforcement official, 11 August 2020.

behaviours. In the run up to the Nice attack, for example, Lahouaiej-Bouhlel made significant cash withdrawals over a two week period that were not consistent with past behaviour; these funds subsequently went towards the cash purchase of a vehicle and a weapon for the attack.<sup>28</sup> From the vantage point of financial data alone, such behaviour would almost certainly be overlooked by the transaction monitoring systems used by FIs today. But this insight, especially about someone known but ‘low priority’, when combined with additional intelligence, could prove invaluable in both expanding the agencies’ view of the target’s network, as well as the relative threat they might pose.

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## FININT, Not CTF

Given that there can be tens of thousands of individuals of concern for the authorities at any one time,<sup>29</sup> the potential for more timely and targeted delivery of FININT by FIs, and its use by agencies, thus needs further exploration. Part of the answer is likely to come from applying the principles of pre-existing Financial Intelligence Sharing Partnerships between FIs and relevant agencies, such as the Joint Money Laundering Intelligence Task Force in the UK, more firmly to CT. However, most partnerships are currently managed through convened meetings, rather than permanent co-location or joint-working,<sup>30</sup> and although such existing arrangements are valuable, there are potentially more impactful ways in which the concept of CT ‘partnership’ might evolve outside the current CTF regime.

In several European jurisdictions, non-SAR ‘intelligence channels’ between FIs, intelligence and law enforcement agencies already exist, most of which predate 9/11.<sup>31</sup> These usually travel in one direction – first, with FIs supplying material post-attack, and second, providing FININT under warrant for priority targets before any attack. However, such channels might be widened and exploited to cooperatively review and monitor a third

group of ‘lower priority cases’ from which LASCs often spring. Again, there are already some precedents for an institutionalised approach along these lines. In the UK, for instance, the authorities’ strategy to tackle LASCs has involved the creation of local ‘Multi-Agency Centres’, where the police and intelligence agencies work with health, education and welfare departments, mutually sharing information about ‘lower priority’ individuals in a secure and vetted environment.<sup>32</sup> Initiatives such as this would almost certainly benefit from direct and permanent involvement from FIs.

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## Conclusion

As noted at the outset, this research briefing does not constitute the final word on the findings of the project. There will undoubtedly be variations between initial judgements here and those in the final paper. However, what is already apparent is that the ‘LASC threat’ has further exposed the underlying fissures in the global CTF architecture, which are unlikely to be rectified without a substantial change of perspective. FININT is not a panacea for the problems of LASCs, but it might – if properly deployed – play a more effective role in tackling the problem than it has so far. To make best use of FININT, European countries need more agile, fluid and timely intelligence channels between FIs and CT-focused agencies. The current CTF regime is not sufficient to help deal with the LASC threat, and it is therefore time to rethink it.

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28. Videoconference interview with French law enforcement official, 9 July 2020.

29. Dominic Casciani, ‘The Day I Tried to Be an MI5 Spook’, *BBC News*, 2 July 2019.

30. Nick Maxwell, ‘Survey Report: Five Years of Growth in Public–Private Financial Information-Sharing Partnerships to Tackle Crime’, *Future of Financial Intelligence Sharing (FFIS)*, RUSI, August 2020, p. 14.

31. Videoconference interview with former UK intelligence officer, 20 May 2020.

32. UK Home Office, *CONTEST: The United Kingdom’s Strategy for Countering Terrorism* (London: The Stationery Office, June 2018), p. 42.