

**FINANCING OF TERRORISM AND ITS CONNECTION WITH
MONEY LAUNDERING**

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Abstract: This article analyzes the essence and legal characteristics of terrorism financing, its interrelation with money laundering (legalization of illicit proceeds), and the national and international mechanisms developed to combat these phenomena. It also highlights the legal reforms, financial monitoring system, and the effectiveness of international cooperation in the Republic of Uzbekistan in this field.

Keywords: terrorism, financing of terrorism, money laundering, financial monitoring, FATF, UN Conventions, national security, combating crime.

Introduction

Terrorism and its financing represent complex socio-legal phenomena that pose serious threats to global security and sustainable development. Since the beginning of the 21st century, terrorist activities have expanded not only in political and ideological dimensions but also through financial and economic networks.

In today's global economic relations, money laundering and terrorism financing are closely intertwined. Their common goal is to legitimize criminal proceeds and use illicit funds to support extremist activities. Therefore, analyzing the legal foundations of these processes remains a highly relevant issue.

The Concept and Legal Framework of Terrorism Financing

According to the **1999 United Nations International Convention for the Suppression of the Financing of Terrorism**, terrorism financing is defined as:

“Any person who, by any means, directly or indirectly, collects, provides, or manages funds with the intention of carrying out a terrorist act.”

Similarly, **Article 155⁴ of the Criminal Code of the Republic of Uzbekistan** provides a legal definition of this crime:

“Financing of terrorist activity, providing material assistance, or otherwise supporting such activities constitutes a criminal offense and entails liability in accordance with the law.”

These provisions establish terrorism financing as an independent criminal act and emphasize its high level of social danger.

**The Interrelation Between Terrorism Financing and Money Laundering
Mechanistic connection.**

Money laundering (the process of giving a legitimate appearance to criminal proceeds) often serves as the primary source of financing for terrorism.

This process typically occurs in three stages:

1. **Placement** – introduction of illegal funds into the financial system;
2. **Layering** – concealment of the source of funds through multiple transactions;
3. **Integration** – reinsertion of the funds into the legitimate economy.

Through these methods, terrorist organizations disguise illicit assets as legitimate, later using them to carry out terrorist acts.

Global examples:

- Al-Qaeda and ISIS raised funds through trade, charity foundations, and cryptocurrency transactions;
- In Afghanistan, Syria, and Iraq, illegal oil trading served as a major source of terrorist financing;
- In some cases, the legalization of criminal proceeds indirectly supported terrorist structures.

International Legal Framework and Institutional Efforts

Combating terrorism financing and money laundering at the global level is primarily conducted through the following institutions:

- **Financial Action Task Force (FATF):** sets 40 Recommendations requiring states to strengthen anti-money laundering and counter-terrorism financing systems.
- **United Nations Security Council:** adopts counter-terrorism resolutions (Nos. 1373, 2178, etc.).
- **Eurasian Group (EAG):** coordinates information exchange and monitoring among Eurasian countries.

Uzbekistan adopted a national program in 2019 aligned with FATF recommendations and, in 2022, updated its **Law “On Combating Money Laundering and the Financing of Terrorism.”**

Legal and Institutional Measures in Uzbekistan

The Republic of Uzbekistan combats terrorism financing through the following mechanisms:

- **Department for Financial Monitoring (DFMD)** – a specialized body under the Prosecutor General’s Office analyzing suspicious financial operations;
- **Article 243 of the Criminal Code** defines money laundering (legalization of criminal proceeds) as a separate crime;
- **Internal control systems** in banks and financial institutions – ensuring the identification of suspicious transactions and client due diligence.

Furthermore, control over money laundering via **crypto-assets** and **online charitable donations** aimed at supporting terrorism has become an urgent matter.

Scientific Analysis and Problematic Aspects

Despite notable progress, several challenges remain in combating terrorism financing and money laundering:

- **Complexity of legal mechanisms:** vague legal definitions in national legislation lead to varied interpretations in practice.
- **Limitations in international data exchange:** some states are reluctant to share financial information, making it difficult to uncover complete financing chains.
- **Technological threats:** the lack of transparency in cryptocurrency, blockchain, and digital payment systems facilitates the concealment of illicit funds.

To address these issues, it is necessary to:

- Integrate national and international financial databases;
- Modernize digital financial monitoring systems;
- Strengthen inter-agency cooperation between law enforcement and intelligence institutions.

Scientific Conclusions

Terrorism financing and money laundering are interconnected crimes within a single chain that seriously threaten financial stability and national security. Strengthening financial supervision and harmonizing legislation with international standards constitute the foundation of an effective countermeasure system.

Uzbekistan's financial monitoring and law enforcement collaboration have achieved significant progress in recent years. However, emerging threats in the digital financial sphere require continuous adaptation and modernization.

Raising public awareness, improving cybersecurity in the banking system, and fully implementing FATF recommendations remain vital for preventing terrorism financing.

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