

## OPERATIONALIZING COUNTER THREAT FINANCE STRATEGIES

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The new security environment in the 21st century emerged as a result of globalization accompanied by the ever increasing speed of technological advancements. This created a new set of security dynamics that is increasingly spawning a variety of asymmetric threats, changing the very nature of warfare.

Economic factors are often at the heart of conflict and shape human behavior, including that of the adversary. As such, an understanding of “threat finance,” (terrorism, human trafficking, proliferation finance, money laundering and organized crime), within the broader economic environment is essential in tackling these threats.

However, to date, understanding of threat finance which sits within the broader discipline of security economics has been limited. Although since September 11, 2001 (9/11), understanding of each of the individual components of threat finance has undeniably increased, operationalizing this knowledge has proved to be challenging. This is mainly a result of the existing approach to threat finance.

Counter threat finance strategies have the potential to be a multifaceted weapon capable of tackling a number of issues with the added capability of providing early warning signals which can be exploited by the military. This monograph will highlight ways in which counter threat finance strategies can be applied not only to disrupt adversary activity effectively, but also to stabilize local economies for the purpose of capturing hearts and minds, as well as to serve as indicators and warnings of impending instability.

The monograph makes a number of specific recommendations for making best use of the potential for financial intelligence as part of an integrated strategy for both forecasting and countering contemporary security threats. In particular, it recommends:

- Smarter targeting of “low volume high return” financial actors;
- Addressing knowledge and intelligence gaps by including financial sector-specific expertise in threat intelligence production, and in identifying key vulnerabilities in threat actor financial networks;
- Treating finance, including economic assets, not only as a target subject for disruption, but also as a lucrative intelligence source revealing patterns of enemy behavior, motivations, possible intentions, lifestyles, and networks, as well as morale and readiness to fight;
- Considering collateral damage of kinetic action in financial/economic terms as well as physical—and conversely, giving more consideration to financial influence and disruption strategies as an alternative to kinetic action; and,
- Crucially, adopting a more cautious and balanced approach to targeting informal money transfer systems such as *Hawala*, and including specific cultural considerations in plans either to disrupt these systems or to use them to gather intelligence.

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