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Paris Attacks to Boost Money Laundering Enforcement

By Samuel Rubinfeld



Police forces stand guard on Boulevard des Filles du Calvaire, near the Bataclan concert hall in central Paris, the scene of an attack, early on Nov. 14, 2015.

Agence France-Presse/Getty Images

The recent terrorist attacks in Paris are likely to lead to a ratcheting up of global enforcement against terrorism financing and money laundering, experts say.

Alongside military action against Islamic State, which [perpetrated](#) the Paris bombings and shootings, as well as [claiming responsibility](#) for the recent downing of a Russian airliner, Western officials are trying to squeeze the organization's finances. Enforcing laws and applying regulations against terrorism finance and money laundering are among the most direct ways of doing so.

"Compliance officers of financial institutions should expect even more intrusive laws and regulatory expectations, and even stricter scrutiny by regulators, than we've seen recently," said Ross Delston, an anti-money laundering expert based in Washington, D.C.

Mr. Delston said such increased action would follow the pattern set since the attacks in the U.S. on Sept. 11, 2001: After every major terrorist event in a G-7 country, he said, there's been a ratcheting up of compliance requirements and enforcement.

Terrorists "can be caught through the elaborate and sophisticated mechanisms we have in place to combat money laundering," said Mr. Delston.

In the days since the attack, U.S. officials said they're [examining suspicious-activity reports](#) filed by banks to the U.S. Department of Treasury to identify Islamic State targets and other terrorist facilities. Treasury has seen a rise in the number of such reports [over the last few years](#) amid increased pressure, in the form of fines and penalties, to adopt better anti-money laundering controls. European Union countries are [preparing a crackdown](#) on digital currency and anonymous-payment providers in a bid to stem terrorism-linked funds.

Separately, the Financial Action Task Force, an international body that sets anti-money laundering and counter-terrorist-financing standards, said Monday [in a report](#) it's encouraging individual countries to take criminal action against terrorism financing, after discovering few have obtained convictions despite nearly every country having laws explicitly against it.

Banks and regulators will ask their partner institutions in the Middle East about money moving out of Syria and Iraq to see if it's coming from Islamic State-controlled areas, said Christine Duhaime, a counter-terrorist financing and anti-money-laundering expert based in Vancouver who [wrote a paper earlier this year](#) calling on the financial sector to stop Islamic State's financing.

"Everyone's denying they have relationships there, but [Islamic State] is still buying big-ticket items. It hasn't stopped," she said.

Despite the big purchases, the attacks in Paris, in which 129 people were killed in coordinated assaults across parts of the city, reportedly [cost \\$10,000 or less to conduct](#). Islamic State, which claimed responsibility for the Paris attacks, makes millions from [illicit oil sales](#) and [extortion rackets](#); it's considered [the wealthiest terrorist group](#) on Earth.

Financial institutions are also looking back to see what transactions they might have missed ahead of the attacks, said Ellen Zimiles, a New York-based anti-money laundering expert with Navigant Consulting. She said banks are responding to law-enforcement requests as governments look to ensure an attack like the one in Paris doesn't happen again.

“Banks are going all-out to see if they can find any links [to the attacks], and to provide it to the government. They see it as their patriotic duty, in a global sense, to do this,” said Ms. Zimiles.

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