

Institution: University of the West of England, Bristol		
Unit of Assessment: 18		
Title of case study: Improving understanding of the threats posed by terrorism financing		
Period when the underpinning research was undertaken: 2014 – 2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Nicholas Ryder	Professor in Financial Crime, Bristol Law School	September 2004 – present
Period when the claimed impact occurred: 2015 – 2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact		
<p>The 2007-08 financial crisis contributed to an upsurge in financial crime, compounded by increasing issues of terrorism finance and increasing use of social media and crypto-assets ('hidden', electronic currencies such as Bitcoin). Research by Professor Nicholas Ryder has analysed the challenges posed by these developments and the responses of major international organisations; identifying significant gaps in intelligence, policy response and enforcement. His work has resulted in increased understanding and a change of focus on the part of these agencies as these new threats have emerged. This in turn has influenced government approaches to financial regulation and has benefitted the financial services sector in the UK and internationally.</p>		
2. Underpinning research		
<p>Research by Professor Ryder on money laundering (the third largest contributor to the global economy) addressed a significant gap in information and intelligence. Major UN and EU institutions and the Financial Action Task Force had policies relating to global money laundering but these remained fragmented across these institutions and uncodified. Research by Professor Ryder (R1) provided a detailed examination of the implementation of global anti-money laundering (AML) policy and legislative frameworks. Uniquely, it offered an international comparative analytical review of the AML policies and how they were adopted in the US, UK, Canada and Australia.</p> <p>This was followed by research into the 2007-2008 global financial crisis and its association with financial crime (R2). This research concluded that financial crime (mortgage fraud, fraud committed by Credit Rating Agencies, predatory lending, Ponzi fraud, market misconduct and market manipulation) was a crucial and overlooked factor, making a significant contribution towards the financial crisis.</p> <p>Based on this work, Ryder conducted research focused more explicitly on legislative and enforcement responses towards tackling corporate financial crime in the US, and compared them with the UK (R3). This work concluded that that the UK could draw on the US model, and specifically recommended that the Financial Conduct Authority's Senior Managers and Certification Regime could be used to address the inadequacies of the UK's response. The</p>		

research argued that these shortcomings stemmed from the common law rules, weak enforcement policies and the 'too big to jail' theory.

As part of a GBP4,900,000 ESRC funded project (G1), Professor Ryder was involved in research that had for the first time defined the 'Financial War on Terrorism' (as declared by President George W Bush on 20th September 2001) as 'attacking, whether via criminalisation, confiscation, forfeiture, freezing, or sanctioning, the financial assets of known or suspected terrorists' (R4).

This project identified the creation of the 'hierarchical' or 'corporate' funding model adopted by the Islamic State of Iraq and the Levant (ISIL) (R5). It concluded that the 'Financial War on Terrorism' was not fit to deal with this unprecedented funding model. Furthermore, the research identified a new terrorism funding mechanism, the 'Social Networking Funding Model', which lay outside of the current counter-terrorism financing (CTF) legislative framework provisions and investigative techniques (R6). It recommended that the UK's CTF laws be extended to include payments made via social media platforms and crypto-assets, and that the remit of the Joint Money Laundering Intelligence Task Force be broadened to include social media corporations and crypto-asset providers (R6).

3. References to the research

R1 Ryder, N. 2012, *Money Laundering an Endless Cycle? A Comparative Analysis of the Anti-money Laundering Policies in the USA, UK, Australia and Canada*, Routledge. Available on request: <https://uwe-repository.worktribe.com/output/949735/money-laundering-an-endless-cycle>

R2 Ryder, N. 2014, *The Financial Crisis and White Collar Crime: The Perfect Storm?* Edward Elgar. Available on request: <https://uwe-repository.worktribe.com/output/818453/the-financial-crisis-and-white-collar-crime-the-perfect-storm>

R3 Ryder, N. 2018, 'Too scared to prosecute and too scared to jail? A critical and comparative analysis of enforcement of financial crime legislation against corporations in the United States of America and the United Kingdom' *Journal of Criminal Law*, 82(3), 215-233: <https://uwe-repository.worktribe.com/output/867254>

R4 Ryder, N. 2017, *The Financial War on Terror: A Review of Counter-terrorist Financing Strategies since 2001*, Routledge. Available on request: <https://uwe-repository.worktribe.com/output/833006>

R5 Ryder, N. 2018, 'Out with the old and ... in with the old? A critical review of the Financial War on Terrorism on the Islamic State of Iraq and Levant' *Studies in Conflict and Terrorism*, 41(2), 79-95: <https://doi.org/10.1080/1057610X.2016.1249780>

R6 Ryder, N. 2020, 'Cryptoassets, social media platforms and defence against terrorism financing activity reports: a step into the regulatory unknown,' *Journal of Business Law*, 8, 668-693. Available on request: <https://uwe-repository.worktribe.com/output/3283973>

Evidence of the quality of the supporting research

G1 Ryder, N. *Centre for Research into Evidence and Security Threats*, ESRC, 2015-2018, £40,668 (UWE funding)

G2 Ryder, N. *Counter-activists financing and anti-money laundering risk assessment engine*, Innovate UK, 2020-2022, £64,838

G3 Ryder, N. *Money laundering*, LexisNexis Risk Solutions, 2018, £5,380

G4 Ryder, N. *Counter-terrorism financing training*, Wilmington Plc, 2014-2015, £8,025

4. Details of the impact

Improving understanding of the threats posed by terrorism financing

Research grants (G1, G2) and related research formed the basis for a series of counter-terrorism financing (CTF) training seminars in 2018 and 2019 to lead organisations in the field including representatives of North Atlantic Treaty Organisation (NATO), the European Union Agency for Law Enforcement (EUROPOL) and the European Union Agency for Law Enforcement Training (CEPOL). Involving a wide range of law enforcement agencies, the seminars had a substantial influence on understanding and practice on how these organisations have subsequently addressed issues of terrorism financing. Stakeholders were, as a result, better equipped to understand the expansion of the funding streams used by terrorism financiers including the use of crypto-assets and social media platforms.

Seminar organiser, Price Waterhouse Coopers (PWC), confirmed that Professor Ryder's research had altered perceptions of the traditional funding mechanisms used by terrorism financiers. Whereas law enforcement agencies had historically focused on funding models including state sponsorship and private individuals, Ryder's work had illustrated the need to move away from the money laundering model, towards the threat posed by so-called 'lone wolf terrorists.' This has benefited the financial services sector and changed behaviour with regards to operational and strategic approaches. According to a partner at PWC's Financial Crime Team:

'financial investigators now look at open source data which can be accessed from social media platforms to obtain a more holistic understanding of the suspected terrorism financier' (S1).

'PwC have developed a closer working relationship with social media platforms and cryptoasset providers. This has resulted in an improvement in the exchange of information between law enforcement agencies and private corporations. This has been beneficial because it has improved the mechanisms we have used to tackle terrorism financing' (S1).

LexisNexis Risk Solutions (LNRS), a company advising industry and government on predicting and managing risk, also stated that Professor Ryder's research had been valuable in the findings it was able to share with experts in the industry indicating that the research:

'played an integral role in our Money Laundering Exposed initiative which highlighted the true cost of financial crime on society... Through his continued participation in our public facing events, we have been able to share Professor Ryder's insight with our extensive financial crime compliance audience' (S2).

The research also provided the Dutch police with instruments enabling a more strategic approach to counter-terrorism financing (CTF) investigations. A senior member of the Dutch counter terrorism unit confirmed that Professor Ryder's seminar in June 2019 had had a profound effect on herself and her colleagues and that the research had '*changed our way of investigating' (S3).* They had learned:

'how to use social media to search for financial evidence (something I'd never used before). This is now something I regularly do in my investigations. My colleagues in my unit also use the information Nicholas provided in their investigations (to search for financial links through social media platforms in their investigations into terrorist threats)' (S3).

NATO's Director of the Centre of Excellence-Defence Against Terrorism at the time stated that as a result of the research and corresponding seminar in February 2018 *'more than 53 participants from 24 different nations are now better prepared to the contemporary challenges we face...in responding to the threat of terrorism'* (S4).

Professor Ryder's research also enabled a successful bid to Innovate UK (G1) in collaboration with UK-based technology company Synalogik. This had enabled initial work in the second half of 2020, to develop a platform to automate data analysis from multiple data sources to provide actionable intelligence rapidly and at much reduced cost compared to existing approaches. Innovate UK described this project as:

'one of the strongest on record' with the project receiving *'one of the highest-ranking scores in recent history, due to the complexity and perceptive problem analysis identified by Professor Ryder'* (S4).

Synalogik believe that the ongoing project will contribute towards:

'reducing mainstream terrorist financial activity within the UK and perhaps internationally longer-term. The strategy is based upon the technological advances, which will be implemented based on the structured analysis and research of Professor Ryder' (S5).

Financial crime and policymakers

In 2019, Professor Ryder's research underpinned work by Transparency International, a global NGO tasked with combating government corruption. This provided a detailed and independent analysis of the effectiveness of the UK's financial crime legislation and enforcement stance towards money laundering and corporate economic crime. Professor Ryder's work is reported to have played a key role in supporting this analysis:

'the central argument of our advocacy to government has been heavily informed by discussion with and articles and book chapters with Nicholas' (S6).

Crucially, the UK Government was informed through this work that:

'not a single UK financial institution has faced criminal charges as a result of the 2008 financial crisis despite economic crime being a key contributing factor. Economic crimes...have ultimately caused far-reaching harm and significantly held back global development. These points were taken from Nicholas' book The Financial Crisis and White-Collar Crime: The Perfect Storm' (S6).

In 2019, Professor Ryder submitted written evidence to both Houses of Parliament through the Treasury Select Committee Economic Crime Inquiry and House of Lords Committee Inquiry on the Bribery Act 2010 (S7, S8). Professor Ryder responded to the Treasury Select Committee's questions on money laundering, the financing of terrorism, the respective legislative frameworks, regulatory agencies and the enforcement of financial crime legislation in the UK (R3). The submission to the House of Lords Committee Inquiry was able to present new evidence that the Financial Conduct Authority was potentially able to use its existing enforcement powers (financial regulation laws) to cover bribery and corruption. Thus, in response to Ryder's evidence, the Committee acknowledged that:

'The Financial Conduct Authority (FCA) has the capacity to impose fines on regulated companies for lax procedures in relation to bribery and corruption, under section 206(1) of the Financial Services and Markets Act 2000' (S8).

The findings from this research (R3) extended beyond the United Kingdom being cited by the Law Reform Commission of Ireland in its 2018 Law Reform Commission report

Regulatory Powers and Corporate Offences, Volume 2 (LRC 199-2018). A Deputy Director of Research at the organisation noted that:

'on the basis of this [Ryder's] research...the Commission ultimately recommended that a failure to prevent model should be available, on a case-by-case basis, as an alternative to a due diligence model for strict liability offences under Irish law' (S9).

The research influenced the conclusions, findings and recommendations of the Irish Law Reform Commission review (S10).

5. Sources to corroborate the impact

S1 Testimonial from Partner, Price Waterhouse Cooper's Financial Crime Team

S2 Testimonial from Senior Marketing Manager, LexisNexis® Risk Solutions

S3 Testimonial from Financial Inspector at the Dutch Police Force, Central Criminal Investigations Unit, Counter Terrorism Unit

S4 Testimonial from Colonel (Turkey) and Director of the Centre of Excellence-Defence Against Terrorism NATO

S5 Testimonial from Head of Strategic Operations for Synalogik

S6 Testimonial from Programme Manager, Business Integrity, Transparency International UK

S7 House of Commons Treasury Select Committee: [Economic Crime – Anti-money laundering supervision and sanctions implementation](#), 5th March 2019, (p.81)

S8 House of Lords Select Committee on the Bribery Act 2010: [The Bribery Act 2010: post legislative scrutiny](#), 14th March 2019 (pp.20 and 118)

S9 Testimonial from Deputy Director of Research, Law Reform Commission, Ireland

S10 Law Reform Commission of Ireland Report: [Regulatory Powers and Corporate Offences](#), 2018 (pp.105, 260)