Challenge Working Paper

Work Package 2 – Securitization beyond borders: Exceptionalism inside the EU and impact on policing beyond borders

Development v. Terrorism — migrant remittances or terrorist financing?

September 2006

Abstract: This paper discusses recent developments in the campaign to combat terrorist financing in Europe and the intersection of these with the flow of migrant remittances from the Members States of the European Union to Third Countries. New regimes of control within the European Union (EU) towards migration affect more than just those seeking entry to Europe. Migrants frequently leave behind families that they expect to support from their earnings once they secure employment at their final destination. Measures to combat the financing of terrorism (CFT) and the related increase in anti-money laundering regulation make it increasingly difficult for those that are successful in reaching Europe (legally & illegally) and achieving paid employment to subsequently share from their wages with the family left behind. This issue is considered in the context of a proposed Directive on 'information on the payer accompanying transfers of funds' (COM(2005) 343 final).

William Vlcek, Ph.D.
Lecturer in International Politics
Institute of Commonwealth Studies
University of London
28 Russell Square
London WC1B 5DS
Email: william.vlcek@sas.ac.uk

Development v. Terrorism — migrant remittances or terrorist financing?

This paper considers a vital and growing aspect of global capital flows—migrant remittances. These transfers of value, electronically, in currency or in goods, may be viewed as an important contributor to economic development in Africa, Asia, Latin America and the Pacific. They may also, however, serve to conceal criminal capital and funds intended to support terrorism. In seeking an answer to the question suggested by the title of the paper, it quickly becomes clear that both the answer and one's path to it depend on one's point of entry, whether as an economist, security analyst or financial expert. It also becomes a matter of framing the question—is this merely an unintended consequence of increased regulation on remittances and money transfers as part and parcel of the 'global war on terror'? At the same time that an increased awareness has emerged for the role and benefit played by migrant remittances to both the families left behind and the economies of the developing states in which they live, the processes that are used to send this money home are being subjected to increased scrutiny. Just as the formal banking system has been used by criminal elements to transfer, conceal or 'launder' their ill-gotten gains, informal financial structures have on occasion been used by criminal elements. Since September 2001 all modes and means of finance and market exchange have been placed under intense investigation as governments (particularly in North America and Europe) seek to counter terrorism by finding and confiscating assets belonging to identified terrorists, terrorist groups and their supporters. One initial experience in this front of the 'global war on terror' and its implications for the developing world was felt in Somalia in November 2001 with the closure of *al Barakaat* after this money transfer firm was identified as a 'conduit of terrorist financing' (Vlcek, 2006a; Vlcek, 2006b). The extent of the economic spillover from increasing regulation extends beyond those states or groups readily identified as connected in some fashion with terrorism. The following discussion looks specifically at the European context and the potential impact on remittance transfers of the measures imposed to counter terrorist financing. An alternate view that is not interrogated here argues that these measures are part of some larger agenda to reduce migration to Europe by increasing the difficulties experienced by migrants in order to convince them not to begin their journey in the first instance. From this perspective the tactics used against terrorism become part of the wider debate about migrant labour.

In one sense, the extension of surveillance over migrant remittances to address the problems of money laundering and terrorist financing also extends the disciplinary power of the state into here-to-fore disconnected practices of everyday finance (Gill, 2003; Gill, 1997; Gill, 1995). The desire of migrant labour to send money home, as efficiently as possible at the lowest cost available (in order to keep as much as possible for themselves and their families rather than giving it to the money transmitter), often means the use of informal methods or non-bank institutions. This desire has been firmly placed in opposition to fears of insecurity on the part of more financially stable citizens by introducing measures to regulate and control financial transactions of all varieties. The ready acquiescence of citizens in democratic societies towards the imposition of these regulatory practices should be just as much a concern as the very direct impact produced by them upon migrant labour. To repeat once again a statement from Jeremy Waldron writing in the context of 'Security and Liberty: The Image of Balance' — 'We should be even more careful about giving up our commitment to the civil liberties of a minority, so that we can enjoy *our* liberties in greater security.' (Waldron, 2003: 210, emphasis in the original)

The structure of the paper is first to present a brief explanation of the nature of the activities involved in combating the financing of terrorism (CFT) and of migratory remittances in the context of EU Directives. The next section discusses the specific situation regarding money transfers in the United Kingdom, followed by a section identifying some of the transnational characteristics of remittances, wire transfers and economic development. The concluding section provides a provisional answer to the question posed in the title, within a context of the foregoing analysis and explains why the effectiveness aspect about the surveillance of money transfers was not addressed. The desire of the security services to keep their methods confidential combines with the desire of criminals and terrorists to keep their processes out of public view. Success is hard to measure in an environment of secrecy and fear.

The EU, the FATF and 'sending money home'[1]

The subject of analysis here is the impact upon migrant remittances that results from the increased regulation and data collection/retention procedures emerging from an EU Directive currently being implemented by the Member states and a proposed EU Regulation. This analysis operates at the international level on the activities of an international organisation to download 'international standards and best practices' into domestic legislation and regulation. The Directive currently in the implementation phase is the Third Money Laundering Directive — Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OJ L 309 of 25.11.2005, pp. 15 - 36). It is to be transposed into national law by 15 December 2007 and replaces 91/308/EEC on the prevention of the use of the financial system for the purpose of money laundering as amended by 2001/97/EC of the European Parliament and of the Council (OJ L 344, 28.12.2001, p. 76). This new Directive explicitly serves to incorporate into Community legislation most of the latest version of the Recommendations of the Financial Action Task Force (FATF) for combating money laundering and the financing of terrorism. 'Since the FATF Recommendations were substantially revised and expanded in 2003, this Directive should be in line with that new international standard.' (OJ L 309 of 25.11.2005, p. 15). The second legal action of interest is the proposed EU Payments Regulation (Regulation of the European Parliament and of the Council on information on the payer accompanying transfers of funds, COM(2005) 343 final).[2] The proposed Regulation makes numerous references to the Third Money Laundering Directive, essentially binding it to the Directive. In this fashion, the proposed Regulation will resolve the problem identified in its opening paragraphs concerning the text of the Directive. 'All those measures [in the Directive] do not, however, fully prevent terrorists and other criminals from having access to payment systems for moving their funds.' Consequently, when implemented this regulation will have the immediate effect to extend aspects of financial surveillance into the money transfer business sector with its transposition of the FATF's Special Recommendation VII concerning wire transfers into Community legislation (COM(2005) 343 final, p. 2).[3]

Before turning to a consideration of these EU laws (current and proposed) it is important to understand the role of the FATF as a source of global financial governance and point of origin for standards and best practices in global finance to counter financial crime. The FATF is an inter-governmental forum created in 1989 at the direction of the G-7 to create policies that would guide an emerging international endeavour to eliminate the money laundering associated with drug trafficking. It has since 2001 broadened its mandate to include the financing of terrorism due to a belief that the measures taken to combat money laundering may be just as effective against the financing of terrorism. The FATF presently has 33 members including two international organisations—the European Commission and the Gulf Co-operation Council.[4] It has been identified in the proposed Payments Regulation as 'the world standard in the fight against money laundering and terrorist financing.' (COM(2005) 343 final, p. 2) The FATF itself has noted that its Recommendations against money laundering and Special Recommendations on terrorist financing 'have been recognised by the International Monetary Fund and the World Bank as the international standards for combating money laundering and the financing of terrorism.' (Financial Action Task Force, 2003b: iii) These claims may be slightly presumptuous, as an alternative 'global' organisation does not exist with which to compare the FATF while at the same time the membership of the organisation substantially reflects the dominant interests of large developed economies. Particularly problematic is the imposition of these Recommendations on states and financial structures that did not participate in their development (for example the Islamic banking institutions of the Middle East and Asia).

The potential use of informal value transfer systems (alternative remittance systems in FATF parlance) for money laundering has been recognised publicly by the FATF since the first public release of an annual Typologies Report in 1996. In that report it was identified as one method in a list of 'the money laundering techniques most frequently employed in the Asian region' (Financial Action Task Force, 1996: 10). Terrorist financing first appeared in these FATF reports on methods and techniques in the 1999 Report with a discussion of the extension of anti-money laundering laws to combat terrorist financing by the United States. In the case referenced in that report, the US had charged those suspected of terrorist financing with money laundering violations and subsequently used civil asset forfeiture laws to seize their personal property (Financial Action Task Force, 1999: 11). Similarly, the next FATF Typologies Report discussed an American contribution on terrorist financing that 'suggested that anti-money laundering measures may therefore play a role in combating terrorism.' (Financial Action Task Force, 2000: 14) The treatment of 'terrorist related money laundering' received substantially more attention in the FATF report published in February 2001 and one objective for this increased interest was to answer the question of 'whether the distinction between legal and illegal sources of funding has an effect on the ability of countries to use anti-money laundering measures to detect, investigate and prosecute potential terrorist related money laundering.' (Financial Action Task Force, 2001: 19) While the report declared that 'all experts agreed that terrorism is a serious crime' they could not agree that money laundering laws could be used to investigate and prosecute terrorist financing, because of the requirement to demonstrate a connection between the funds in question and a criminal source for them (Financial Action Task Force, 2001: 20). In the Report released a year later the answer to this question was provided. A number of unidentified FATF member jurisdictions reported that because terrorist financing did not meet their legislation's definition of money laundering 'they were limited in the actions they could take against terrorist monies in the framework of anti-money laundering laws.' (Financial Action Task Force, 2002b: 2)[5]

As already noted, the FATF extended its mandate in October 2001 to explicitly include the creation and promotion of policies and standards for combating the financing of terrorism. In conjunction with this decision, the group produced a set of Special Recommendations and strongly encouraged their implementation by non-member jurisdictions (Financial Action Task Force, 2002a: 1). As with a number of other disciplinary measures initiated after the terrorist attacks in September 2001, the attention placed on informal value transfer systems increased and the traditional methods of money transfer that have been used by migrants for their remittances home have received extensive media coverage. The FATF created two Special Recommendations with a direct impact upon migrant remittances. The first is Special Recommendation VI, 'Alternative Remittance'.

> Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed or registered and subject to all the FATF Recommendations that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil or criminal sanctions. (Financial Action Task Force, 2002a: Annex A, 2)

This Recommendation seeks to overcome the variance that exists in the regulation of a money transfer business between jurisdictions and to establish an international standard. Within the EU for example regulation ranges from simple registration of a money transmitter to the same level of licensing and supervision applied to a retail banking office. To assist jurisdictions with instituting the regulatory measures recommended by the FATF, it prepared an Interpretative Note and published a paper outlining 'International Best Practices' for the regulation of alternative remittance systems (Financial Action Task Force, 2003c; Financial Action Task Force, 2003a). Essentially, all current recommendations from the FATF to counter money laundering should be imposed upon money transfer businesses, both those in the formal sector (e.g. – Western Union and Moneygram) and the informal sector (e.g. – hawala for transactions to the Middle East and Asia and the black market peso exchange for transactions between North and South America). These best practices do recognise the historical and cultural basis for the informal value transfer system, for example its presence in areas not served by formal banking institutions, its frequent used by expatriate (migrant) labourers, and the fact that these methods predate the imposition of Western banking systems during the colonial era. Consequently the FATF recommends that government regulation 'should be flexible, effective and proportional to the risk of abuse', because if oversight becomes 'burdensome' it could make the task more difficult as the informal value transfer business relocates underground (Financial Action Task Force, 2003a: 2 - 3).

The second FATF Special Recommendation on Terrorist Financing affecting migrant remittances is Special Recommendation VII, 'Wire transfers'.

> Countries should take measures to require financial institutions, including money remitters, to include accurate and meaningful originator information (name, address and account number) on funds transfers and related messages that are sent, and the information should remain with the transfer or related message through the payment chain.
>
> Countries should take measures to ensure that financial institutions, including money remitters, conduct enhanced scrutiny of and monitor for suspicious activity funds transfers which do not contain complete originator information (name, address and account number). (Financial Action Task Force, 2002a: Annex A, 2)

It is the stated objective of the proposed EU Payments Regulation to 'transpose' this Special Recommendation into Community legislation for the Single Market (COM(2005) 343 final, p. 2). As stated in its first sentence, this Recommendation urges data collection not only for local retention, but also for its dissemination to receiving institutions and officials along 'the payment chain.' This objective raises a very specific concern for a subset of the population that utilises these money transfer services. On the one hand, this data is valuable for the intelligence services of Western states to identify inbound transfers from 'known terrorists and their associates'.[6] However, the flow of capital (migrant remittances) via these methods is more frequently in the other direction, outbound from developed states to the developing world. In this case, it is the intelligence services of the receiving jurisdiction that may be interested in the information, though likely not to counter terrorism. Rather it would assist in the identification of those avoiding tax or potential targets from which to collect bribes. A human rights issue has also been raised about the transfer of this personal data to jurisdictions that may not be as rigorous about data privacy and data protection as is the European Union. Moreover, in those cases where the individual remitting money home is an asylum seeker in the EU, they may have justifiable reasons for not wanting the government officials of the receiving jurisdiction to become aware of their current location and circumstances while they attempt to continue to provide financial support for family members left behind.[7] The point here is that efforts by law enforcement and security agencies are directly in conflict with the desires of migrants to send money home. Tactics that make criminal conduct difficult are also making legitimate actions more difficult. The increased difficulty experienced by migrants may unintentionally promote the use of informal or underground methods by them in order to transmit their remittances.

At the same time, it is important also to appreciate the size and scale of the market affected by these regulations and the conflicting aims of governments and individuals with regards to remittances. Here the perspective at the international level shifts from a concern for national security to a concern for economic development (and aspects of human security). The World Bank reports that workers' remittances received by developing countries (fundamentally those received through the formal banking sector) amounted to US$ 115.9 billion in 2003 (World Bank, 2005: 136). A survey was conducted to assess the extent and nature of migrant remittances from the EU to third countries in 2004. The Summary Report of this 'ad hoc' survey found that € 17.3 billion (approximately US$ 12 billion) was remitted from eleven EU member states to non-EU jurisdictions in 2003 (European Commission, 2004: 3). All of these figures are widely acknowledged to be incomplete and represent a lower boundary for the actual private capital flows of migrant labour back to the developing world. The use of informal methods and personal transfers along with incomplete data collection by governments indicate that the actual quantity is greater. The extent of these unknown remittance transfers offers the opportunity for a variety of econometric exercises with the intention to provide a better estimate (Freund and Spatafora, 2005; El Qorchi et al., 2003). One point here is simply to recognise that migrant remittances exceed official development aid (ODA) and in some instances it also exceeds foreign direct investment (FDI) in these developing states (World Bank, 2004: 169). A second point is to appreciate the difficulty experienced by economists and policy makers to assess the full role and impact played by remittances in a developing state economy. The wider implications of these remittance flows as part of economic development are discussed below, in the section ‘Transnational perspectives on the question’.

Both data collection by regulatory authorities and the method used by migrants to transfer money differ from jurisdiction to jurisdiction depending upon local circumstances and historical experience. For example, the EU Survey found that in Germany transfers via banks were ‘almost three times higher than via registered non-bank money transmitters’, whereas in France remittances to Mali, Senegal, Vietnam and the Comoros were predominately via an informal remittance method (European Commission, 2004: 6). But for the German case, the report later informs the reader that only 40 firms were licensed as non-bank remitters in 2004, while the authorities also reported closing more than a thousand ‘illegal financial service providers’ between 1998 and 2004 (European Commission, 2004: 7).[8] As a point of comparison, testimony submitted to the UK House of Commons International Development Select Committee by the UK Money Transmitters Association in March 2006 declared that in the United Kingdom there were 1400 registered money transfer firms operating with 10,000 registered premises (UK Money Transmitters Association, 2006b: 1).

The Third Money Laundering Directive established procedures to monitor and record financial transactions through a variety of methods (banks, real estate, gambling, jewellery retailers, etc.) but did not cover money transfers executed outside the structure of formal financial institutions. This lacuna is to be closed by the EU Payments Regulation. The specific concern explored here involves the impact of this proposed regulation upon migrant labourers and the billions of Euros and pounds that they send home to their families. These private capital flows are often critical to the well being of family members, while at the same time they are often vital to the developing state economies. A number of the major remittance receiving countries recognise the importance of these capital flows and their Central Banks have established procedures to monitor and record them (e.g. – Pakistan and the Philippines). Consequently, the measures taken by the EU (and all jurisdictions imposing the FATF Recommendations) have transnational consequences bridging the developed and developing regions of the world economy. Before considering these transnational implications, the next section analyses in more detail the state of play in the UK for the money transfer services sector with regards to these measures to counter the financing of terrorism.

The money transfer business and increasing regulation in the UK

As indicated by the figures above, the nature of the money transfer business varies greatly amongst the member states of the EU. At this point in the discussion the level of analysis moves from the international down to the national, and considers the operation and regulations of the money transfer industry in one specific EU Member State. Given the number of firms involved in this financial sector and the size of recorded remittances originating in the United Kingdom, it is enlightening to consider it in more detail. The question that is central to this paper has been recognised by the UK Treasury, as indicated by these remarks made to the Global Money Transmitters Conference.

> But from our perspective, there is also a clear tension between the different objectives of money transfers. Between on the one hand promoting remittances and avoiding unjustified prudential regulation. And on the other in ensuring that money laundering and the risk of terrorist financing is tackled. (Lewis, 2005)

This statement was made by Ivan Lewis, the British Economic Secretary (the Minister in the Treasury responsible for financial services). He went on to identify some of the initiatives that have been undertaken by the government to promote the positive benefits of remittances including 'partnerships with key recipient countries, producing a survey to provide information on costs, transparency, access and choice; working with the private sector to improve remittance services, and increasing domestic financial inclusion.' (Lewis, 2005) To appreciate the reason for this level of interest in the UK, consider the estimated size of the UK's migrant remittance market. The Summary Report of the EU Survey stated that in 2003 remittances from the UK to non-EU countries amounted to €3,902 million. This figure falls within the range of estimates provided in the UK Remittance Working Group report on the size of the UK remittance market for 2004 (estimates that ranged from £319 million to £5,435 million). This latter report included a discussion of the factors used in each estimate and the potential problems affecting the validity and accuracy of each individual estimate (UK Remittance Working Group, 2005: 4 - 5). For the purposes of this paper, a precise figure for the outbound flow of remittances from the UK is not necessary, only an appreciation for the general size of this portion of the financial services marketplace. It is this size, and the fact that so much of it does not enter the global financial system across a retail bank branch service counter that concerns regulators and the security services. It also has attracted increased interest from the retail banking sector itself because of the untapped business potential (and related profits) that remittances represent for business growth.

In addition to the beneficial aspects of migrant remittances Lewis highlighted the government's regulatory concerns—money laundering and terrorist financing. Naturally, these two aspects also concern law enforcement, for example the *UK Threat Assessment* of serious and organised crime refers to 'alternative remittance ("hawala") banks' and 'various money transmission agents' amongst the means utilised by drug traffickers to move their 'substantial amounts of drugs money' out of the UK (National Criminal Intelligence Service, 2006: 25). Later in the same document, chapter six specifically addresses 'Money Laundering', and in the discussion on Alternative Remittance Systems notes that 'the majority of their customers are ordinary individuals, not criminals.' (p. 47) Once again, here is an expression of the clear tension between the licit use of money transfer services and its feared mis-use by criminal elements. While indicating an awareness that the business, just as with retail banking, is composed of predominately ordinary, mundane and legal financial transactions, nonetheless the focus of the document (and this chapter in particular) rested upon the illicit aspects. The importance of money service businesses as a security issue in the minds of the government was again underscored by its presence in a speech by the Chancellor of the Exchequer in February 2006. It was the second item on a list of five actions that were announced in a national security speech delivered to the Royal United Services Institute (RUSI). Chancellor Brown announced that there were 'new proposals to strengthen safeguards introduced after September 11th for "Money Service Businesses" – and [they would] thereby protect the integrity of global remittance flows.' (Brown, 2006)

To achieve these objectives with regards to money service businesses (MSBs) in the UK will not be quite as simple as may be desired. The regulation of the money transmitter industry is fragmented and responsibilities are split between Her Majesty's Revenue and Customs (HMRC) and the Financial Services Authority (FSA), where the latter agency is responsible only for those firms that also provide a service that is already regulated by the FSA.[9] This approach leaves most of the small and medium-sized MSBs regulated by HMRC. While all MSBs are covered by the Money Laundering Regulations 2003, those regulated by HMRC are further subject to HMRC Notice MSB2 (Anti money laundering guide, October 2004) whereas those regulated by the FSA follow the Joint Money Laundering Steering Group

(JMLSG) Guidance Notes (Prevention of money laundering/combating the financing of terrorism, January 2006). The UK Remittance Working Group noted the reason for this fragmented situation in the opening sentence to their report's chapter from the Regulatory Sub-Group. 'Money remittance is not a "regulated" activity (as defined by the Financial Services and Markets Act 2000) and is therefore not subject to regulation by the Financial Services Authority (FSA) or other designated professional bodies. (UK Remittance Working Group, 2005: 13)' This situation was acknowledged in testimony to Parliament in May 2006 by the Chief Executive of the FSA, John Tiner, who then pointed to the forthcoming Payment Services Directive 'which is going to bring these sorts of organisations [MSBs] into fuller regulation and it is not yet clear who is going to have that regulatory responsibility …' (House of Commons, 2006: Question 722). The focus of these particular hearings before the House of Commons Treasury Committee concerned financial inclusion and from the exchange of questions and answers involving remittances a further point emerges. If smaller MSBs are 'excluded' from retail bank access (due to risks of money laundering) then the consumer that uses these services is essentially excluded twice by the financial system (see Questions 720 - 723, 732 - 734). In the first instance, they were excluded from the financial system because their economic circumstances or migrant status prevented them from establishing a bank account, and secondly, they were excluded because their alternate choice of a method to send money home was also blocked when banks refuse to accept the business of a small MSB (UK Money Transmitters Association, 2006a: 2). In addition to reminding the committee of the limited regulatory coverage of MSBs by the FSA, Tiner emphasised that those banks with international wire transfer facilities were 'so worried about whether those money service providers are engaging in money laundering activities' that they are closing accounts for MSBs (Question 720). Written testimony submitted to the committee by the UK Money Transmitters Association included the results of a survey of its members on their banking relationships as evidence for these difficulties, and underscored the potential risk that 'they will then exit the formal sector but continue to trade in the black market.' (UK Money Transmitters Association, 2006a: 2, see also Question 732)

Another result from these efforts to establish sufficient regulation of the money transfer industry (to counter money laundering and terrorist financing) is the perception that the retail banking industry has taken the risk-based guidance provided by government regulators as the means to eliminate competition from the money transfer industry for handling migrant remittances. The conflicting objectives of financial regulators and the financial industry with respect to migrant remittances now emerges. The business case for a retail bank with respect to the money transfer business is not difficult to deduce. With a total of US$ 115.9 billion transferred in the formal sector in 2003 and wire transfer fees (originating from the UK) ranging anywhere from 2.5 to 40 percent, there is anywhere from US$ 2.9 billion to US$ 46.4 billion in potential fees income worldwide (Pearce and Seymour, 2005). The wholesale fee structure offered to a MSB by a bank does not generate the same level of revenue. A money transfer firm (or hawaladar in the informal sector) benefits from the overall lower fees charged to a bank's commercial customers. Moreover, such fees are further discounted if the money transfer agent meets a bank's cash/cheque delivery requirements, for example in the sorting and packing of currency notes (Ballard, 2003: 10). Given these circumstances the business opportunity to expand into the direct servicing of remittance customers for retail banks is clearly very attractive. Representative examples for retail banking initiatives in the remittance market include stored value cards, two-person debit cards, and mobile phone stored value systems (2005b: 25 - 27).[10] These initiatives serve to attract customers because they offer convenience and ease of use to customers as well as providing a quicker effective transfer of funds. Naturally, they also require the recipient to have access to the same technology (ATMs, mobile phone service) which may be available to customers in Mexico and the Philippines (the representative example locations) but not necessarily available in large areas of Asia and Africa. While the aggregate sum of global migrant remittances is large, it must be remembered that it consists of a perhaps a billion or more transactions of only $100, each with its own transfer fees. Observing this situation led 'a highly experienced banker at one of the largest megabanks' to remark upon the situation in a press briefing.

> If we don't capture volumes like that, what's the point of having our vast processing systems? There is a risk that the people who do capture those flows will not only steal our lunch, they'll take our breakfast and dinner too. (Bannister, 2005: 1)

Contrast this comment with one provided by a money transmitting firm to the UK Money Transmitters Association survey on MSB relations with retail banks.

> Bank managers and advisors on all levels (especially small business managers) give a straight 'we don't work with MSB, period' statement. Barclays corporate wouldn't get in touch with me and Barclays small business manager didn't want to know. This was despite forecasts of approximately £20 million per annum worth of turnover with more than sufficient AML [anti-money laundering] regulations in place. (UK Money Transmitters Association, 2006a: 3)

As indicated by these observations there is a clear justification for the perception that banks have encouraged the increased regulation of the money transfer sector in order to raise the costs experienced by their non-bank competition. At the same time, it reinforces the perception noted above that banks are using the regulations to argue that the risk of mis-use (in the form of money laundering or terrorist financing) by a MSB justifies closing their business account.

These circumstances increase the difficulty of MSBs to operate legitimately, as indicated by the evidence provided to the House of Commons by the UKMTA (UK Money Transmitters Association, 2006a).[11] The consumer or retail user of a money transfer business, however, has far more basic and instrumental concerns with regard to sending money home. In some cases, migrant remittances represent a main source of income for the family unit left behind. Alternatively, these remittances may serve to repay debts (related to travel or education prior to immigration), charitable contributions to the home community, investment in a family business or savings for future return and retirement (2005b: 16 - 17). As such, workers are foremost concerned with the speed and security of their transfer at the lowest possible cost. The consequences of the actions of individuals should be of more concern to regulatory authorities, because it is their desire to send money home efficiently and cheaply that generates the demand for the services supplied by the various informal value transfer methods. In the UK, DFID has responded to this line of reasoning and recommended that the regulation imposed upon MSBs be proportionate and risk-based. In a presentation made to a conference sponsored by the World Savings Banks Institute on ‘Remittances and Financial Inclusion: Cross-Regional Perspectives’, the head of the Financial Sector Team of DFID offered several recommendations. Specifically, the regulation and enforcement measures directed against money laundering and terrorist financing should be ‘appropriate to developing countries’ (Pearce, 2005: 11). Similar recommendations have been made in the context of instituting these regulations in developing states, where the foremost concern may be the resulting financial exclusion of large parts of the population (De Koker, 2005; Lengalenga, 2005).

Transnational perspectives on the question

There has been a convergence of the various initiatives to bring more migrant remittances into formal banking/regulated money transmitting firms and proposals to enhance funding for development. From the perspective of the FATF and the law enforcement community shifting these private capital movements from informal and unsupervised transmittal services to formal financial service operators should help with the campaigns against money laundering and terrorist financing. At the same time, this shift to the formal structures of finance will improve data gathering and statistical analysis of private capital flows, which could permit further development and expansion of activities such as the securitisation of remittance flows to finance developing state governments (Ratha, 2003). A similar convergence of goals and methods has been promoted between the anti-money laundering/terrorist financing campaigns and an OECD-directed programme against what the OECD has characterised as 'harmful tax competition' from small jurisdictions (Witherell, 2002). Some commentators have suggested that measures designed and developed with one objective in mind also may be deployed against the other, even though it may be the case that different legal instruments and government institutions are involved (and in some jurisdictions these institutions may be explicitly forbidden to exchange information amongst themselves). In fact, for Thomas Biersteker one objective behind the specific initiatives that are intended to 'target terrorist financing' is the creation of a global financial governance structure to provide a multilateral solution against financial crimes (Biersteker, 2004; Biersteker, 2002).

A separate consideration involves the emancipatory impact of remittances to the receiving individuals and their communities. Initiatives promoted by development community 'experts' will effectively reduce the direct impact to individuals as they seek to use the surveillance of remittance flows to improve macroeconomic control of the developing state economy and to securitise remittance flows as a method of underwriting state-directed development projects (World Bank, 2006: 85 - 115; World Bank, 2005: 108 - 109). The World Bank publication *Global Development Prospects* identified a number of factors regarding the macroeconomic potential of remittances. In addition to suggesting that remittances are 'stable and may be countercyclical' the report suggests that they can improve the 'creditworthiness' of the recipient state and describes a strategy for securitising them in order that they may be leveraged as collateral to underwrite financing from international capital markets (World Bank, 2006: 100 - 104). A similar case was presented in a report produced under a contractual objective 'to determine ways by which the efficiency of workers' remittances in Mediterranean countries can be improved' that was prepared for the European Investment Bank (ECORYS-NEI, 2006: 15). This study also recommends the securitisation of remittances to underwrite the sale of bonds in global capital markets (ECORYS-NEI, 2006: 141). The goals behind these proposals may or may not benefit the ordinary individual recipient, but they will surely benefit local elites (Ballard, 2005: 110 - 111). The European Commission acknowledges the aggregate benefit that remittances provide to developing state economies, yet the Commission remained very clear on the point that 'migrant remittances are private money, that ought to be spent according to the wishes of the individuals concerned' (European Commission, 2002: 15).

Another strategy for developing states to achieve collective benefit from these individual transfers has been a suggestion for the imposition of a direct tax on the remittance transfer itself, with the proceeds to be used by the receiving state to underwrite development (UK Money Transmitters Association, 2006b: 7). The implicit assumption embedded within these proposals to leverage private capital flows for macroeconomic purposes is a belief that the government can and should incorporate remittances flows into the government's budget and with that movement into its overall macroeconomic planning process. At the same time, the fact that these remain *individual* transfers from one person to another, even if across borders, has been forgotten by most commentators (the EC being one exception). This fact seems to have become obscured by some fantasy portraying the possibilities for development if the *collective* remittance flow to any particular state were to be made available for development goals. Here the observation that migrant remittances (as recorded through formal channels) often exceed official development aid (ODA) functions as the justification to capture them for the greater good. Indeed, the question that should be put to these development professionals is how these proposals involving migrant remittances are any different from the past forty years of ODA programmes and their spotty record of success for economic development in Africa and Asia? If the motivation driving the liberal democratic state is 'life, liberty and the pursuit of happiness' on the part of individual citizens (admittedly following the ideals of the American and French revolutions), then certainly the current state of migrant remittances from the developed world to the developing world advances these objectives. Individuals are acting to satisfy their individual desires and those of their families. When government officials and development professionals reframe these flows of small private capital as an opportunity to finance other, larger and 'better' projects, they must be questioned on this point. What is it that makes them more qualified to determine for any individual what serves to better satisfy their *individual* desires? Along with the laudable objective to improve society as a whole, these efforts carry with them the potential for the corruption, waste and mismanagement found across the history of post-colonial development programmes. Consequently, there is the potential here to take the work of individuals in pursuit of individual desires and use it to accomplish some collective goal, while at the same time enriching the desires of local elites and reducing the direct impact of these remittances for the individual and their family. To use (and in my mind misuse) disciplinary practices intended to provide security (against terrorism) at the cost of liberty to further desires for improved economic development only further reduces the individual liberty and human security of the migrant labourer in their efforts to satisfy their individual desires.

Conclusions

The preceding discussion reflects the different 'levels of analysis' or perspectives on what this issue of migrant remittances and informal value transfer methods entail for security, development, and migration. At the World Bank/IMF/DFID level it is focused on the global aggregate context, the collective flow of remittances for overall economic development. The non-bank MSB in the UK is looking at the level of the firm, and the implications confronting the continued operation of their business in the face of increased costs to do business as a result of increased regulation (and the potential conflict of interest animating retail bank involvement in this process, to increase formal banking penetration of the sector rather than providing financial services to the non-bank MSB). Finally then at the level of the individual is the simple desire to get money home, and the attendant problems of remote destination, small sums, high costs, and, potentially, personal privacy.

The approach taken by the analyst when assessing the position of migrant remittances in the global economy reflects firstly their place in the structures of the state and society, i.e. – IMF/World Bank economist, NGO activist, government policy maker or academic. It also reflects the desired goal of the analysis conducted (improved macroeconomic control by the state, enhanced development opportunities) and the amount of emphasis placed on 'security' as a factor (security against terrorism, of the financial system against criminal conduct, or individual security to maintain the privacy of one's details). This set of circumstances has created the variety of opinions assembled here concerning migrant remittances in the past few years. Within the framework of the research question that animates this paper, the complete absence of the illicit potential of these financial flows in many instances has also been observed. Naturally, law enforcement organisations (Interpol, FATF, etc.) have always been cognisant of this potential, but it is generally only in connection with the regulation of money transfer services that the illicit potential of some methods (hawala) emerges within these discussions of economic development.

The nature of the money services business varies from Member State to Member State within the European Union. The implementation of a common regulation (the EU Payments Regulation) will supersede the currently existing legal and regulatory structures of the individual member states. But the nature of migrant remittances within the member states will remain varied, reflecting the historical and cultural tradition of the local community and the migrant communities it attracts and sustains (European Commission, 2004). For the United Kingdom, there are valid reasons for the possibility that increased regulatory requirements for data collection and retention may drive some portion of the currently above-board money transfer business underground (or perhaps drive the marginally profitable providers out of business only to see them replaced by new underground or clandestine providers offering a transfer service at lower prices or without identity requirements.). This case was made to the Treasury in February 2006 in comments offered on the draft Payments Regulation from the UK Money Transmitters Association.[12]

As already noted, there are conspiratorial hints that the disciplinary practices discussed here serve motives other than security against terrorism. It may be suggested that they also are intended to reduce/control migration to the EU, however, we must not forget that the FATF recommendations are expected to be implemented globally. The Directive on Payments merely implements FATF Special Recommendation VII for the Single Market. It is the intention of the United Nations Security Council that all of the FATF Recommendations be implemented by all states, for with Resolution 1617 the Security Council now 'strongly urges' all member states to implement 'the comprehensive, international standards embodied' in them (United Nations Security Council, 2005). It also may be suggested that the extent and range of anti-money laundering and terrorist financing regulations are encouraged by retail banks that are interested in expanding their direct participation in the remittance business. Whether true or not, it is not increased regulation alone that will change the habits of migrants in how they send money home. Rather the choice of provider has been found by DFID to be subject more to 'advice from the person's UK-based community network', the security of the transfer method and the speed of delivery of the transferred funds. Together these factors tend to lead to the habitual use of a particular transfer method and transfer agent (2005b: 16 - 21). However, we must not let these conspiratorial whispers cloud our perceptions of the actual existing policy process and its consequences. For the millions of migrant labourers pursuing a better life for themselves and their families these regulations can pose problems. As noted throughout the paper, these difficulties are recognised by some of those who variously work within the financial services industry, law enforcement and academia.

Left unanswered here has been an interrogation of the effectiveness of these measures, for two reasons. First, proponents for the increased regulation of cross-border financial transactions, and specifically here migrant remittances, have not offered a representative example to demonstrate that the data collected has led to any direct action against terrorism, either a terrorist group or planned terrorist attack. Not even an example from a closed case, sanitised of any residual intelligence value, has been offered to suggest there has been any value generated from the collection of financial transaction data.[13] This is not to say that there has been no positive contribution to the efforts made against terrorism by reducing its financial capabilities. In addition to the freezing and confiscation of assets belonging to known terrorists and terrorist organisations, 'follow the money' practices may have proven useful. Media reports in June 2006 on the Terrorist Finance Tracking Program revealed that the US government had been monitoring the flow of wire transfer transactions since late 2001 (Lichtblau and Risen, 2006; Meyer and Miller, 2006). Statements from the US Department of the Treasury responding to this media exposure asserted that this particular programme was effective against terrorism.

> It has enabled us and our colleagues to identify terrorist suspects we didn't know, and to find addresses for those that we did. It has provided key links in our investigations of al Qaida and other deadly terrorist groups. (Levey, 2006)

This intelligence programme is consistent with the argument made by Phil Williams, that monitoring financial *flows*, rather than freezing assets, is a more effective strategy with respect to terrorist financing (Williams, 2005). But once again, this intelligence programme dealt with observing the actions of *known* individuals, in order to identify other unknown (though not necessarily terrorist) individuals as part of the wider intelligence activity against terrorism via their financial transactions.

Still and all, collecting and retaining data on cross-border money transfers may do little to prevent or reveal future terrorist attacks in Europe or the United States. This point represents the second reason that the question of effectiveness was not treated in this paper. Recall that the recent terrorist attacks in Europe were not executed by some internationally co-ordinated terrorist network despite some efforts by al Qaida to stake a claim to credit for them. Rather, radicalised residents of the European Union with locally generated funds perpetrated them (Intelligence and Security Committee, 2006: 29 - 30). Events in North America during June 2006 demonstrated that the radicalisation of Muslim youth is not a problem unique to Europe. Canadian authorities arrested 17 men on charges of plotting to commit terrorist acts in Ontario on 3 June (Austen and Johnston, 2006). Two weeks later in the United States seven men were arrested in Miami and accused of plotting to blow up the Sears Tower in Chicago (Schmitt, 2006). Together, these events demonstrate that the potential for local agents of terror to emerge is as much a threat to domestic security as any terrorist threat originating outside of the territory.[14]

At the same time, as indicated by the reaction of the US Treasury noted above, US government officials can be quite defensive about the value of the efforts taken to combat the financing of terrorism in the face of criticism. Furthermore, an *Economist* article in October 2005 asserted that '[h]indering flows across international financial networks is costly and does not stop terrorists' primary activity' (2005a). This magazine piece also drew a quick response in the form of a letter to the editor from Stuart Levey, the US Under-Secretary of the Treasury for Terrorism and Financial Intelligence, 'Your report on financing terrorism does a disservice to a critical subject.' (Levey, 2005) Again, no evidence has accompanied the refutation of ineffectiveness. In criticising these practices of financial surveillance the objective is not to make the work of the security services more difficult, or to aid and abet the terrorist. The critique emerges from a concern that actions limiting the liberty and freedom of the citizens of democratic states effectively accomplishes a goal of the terrorists themselves, namely to force a change in the formerly liberal practices of a democratic society. And measures that hamper the desires of migrant labour to improve their lives and those of their families hamper both the economic advancement of these individuals and any hope for the emerging democratisation of the developing world.

Endnotes

[1] The last phrase is the name of the UK's Department for International Development website/programme to promote and assist with the development aspects of migrant remittances, see <www.sendmoneyhome.org>.

[2] Within the EU legal system a Directive is binding upon the member states, but first must be transposed into national law. EU regulations on the other hand are directly applicable as written. (Shaw, 2000: 243 - 245)

[3] The July 2006 draft of the Regulation in circulation contains the the following text in Article 20 – Entry into force: 'This Regulation shall enter into force on the twentieth day following **the day** of its publication in the *Official Journal of the European Union*, **however not earlier than 1 January 2007**.' (emphasis in original)

[4] The member states of the FATF are: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, China, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Kingdom of the Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States. Since February 2005 China has been accorded observer status. Changes to the membership structure of the FATF are forthcoming as it introduces the category of 'associate member' for the FATF-style regional bodies (for example, the Council of Europe's Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL) performs this function in Western Europe) (Financial Action Task Force, 2006: 4 - 5). The Republic of Korea was invited on 8 August 2006 to become an Observer, with effect from the October 2006 FATF plenary meeting.

[5] This legal dilemma was a factor in European court proceedings related to the al Barakaat case, see (Vlcek, 2006a).

[6] Though this particular point may now be irrelevant following the public disclosure in June 2006 that the US security/intelligence services have had access to similar data since 2001 under the orders of subpoenas served on SWIFT (Society for Worldwide Interbank Financial Telecommunication, a consortium of financial institutions). This network processes wire transfer instructions amongst some 7,800 financial institutions globally on the order of 11 millions transactions a day (Lichtblau and Risen, 2006; Levey, 2006) .

[7] These points were brought to my attention in correspondence with the UK Money Transmitters Association, 17 May 2006.

[8] It is very likely that this figure should be further qualified, because the closure of an 'illegal financial service provider' could encompass more than just a money transfer agent or hawaladar, for example an unlicensed money changer, cheque casher or financial advisor.

[9] Following a restructuring of government agencies in 2005, HMRC was created from the merger of the Inland Revenue and Her Majesty's Customs and Excise.

[10] One should also note that these technology-based value transfer methods continue to hold the same potential for mis-use, in both money-laundering and terrorist financing. Provisions have been made to reduce the extent of this activity (for example with low daily withdrawal limits), however, the *legal* determination of an act of money laundering does not involve any specified minimum amount to the transaction. See Article 2 of the proposed Payments Regulation, which excludes prepaid transfers by 'mobile telephone or any other digital or IT device' when it is less than €150.

[11] Similar circumstances exist in the US, see the testimony presented to the House of Representatives' Subcommittee on Financial Institutions and Consumer Credit hearing on the 'Bank Secrecy Act's Impact on Money Services Business', 21 June 2006 (2006).

[12] Copy of this correspondence provided to the author by the UK Money Transmitters Association, May 2006.

[13] Though a cynic would point out the economic value that is created by the sale and maintenance of the electronic warehouses necessary to comply with these regulations. In looking at the UK case, Dionysios Demetis and Ian Angell report that the acquisition and implementation of anti-money laundering software systems 'may cost top-tier firms up to £20 million (not counting annual expenditure).' (Demetis and Angell, 2006: 164)

[14] These circumstances were in part the case made by Jeffery Schwetzel in a paper presented to *Liberty, Security and the Challenge of Government*, the 2006 annual conference of the Political Studies Association in the United Kingdom (Schwerzel, 2006).

References

(2005a) Looking in the wrong places - Financing Terrorism. *Economist,* 22 October, 81 - 83.

(2005b) *Sending Money Home? A Survey of Remittance Products and Services in the UK.* London: Department for International Development (DFID), Available: http://www.dfid.gov.uk/pubs/files/sendmoneyhome.pdf [accessed 12 May 2006].

(2006) *Bank Secrecy Act's Impact on Money Services Businesses*. Subcommittee on Financial Institutions and Consumer Credit, 109th Congress, 1st session ed., Washington, D.C., US House of Represenatives, last revised 21 June, available at <http://financialservices.house.gov/hearings.asp?formmode=detail&hearing=482&comm=3 [accessed 3 July 2006]>.

AUSTEN, I. & JOHNSTON, D. (2006) 17 Held in Plot to Bomb Sites in Ontario. *The New York Times* 4 June.

BALLARD, R. (2003) *Hawala Transformed: Remittance-driven Transnational Networks in the post-Imperial economic order*. London: World Bank/DFID International Conference -- ' Migrant Remittances: Development impact, opportunities for the financial sector and future prospects', 9 - 10 October 2003, Available: http://www.art.man.ac.uk/CASAS/pdfpapers/transformed.pdf.

—— (2005) Remittances and Economic Development in India and Pakistan. In MAIMBO, S. M. & RATHA, D. (Eds.) *Remittances: Development Impact and Future Prospects.* Washington, D.C., The World Bank.

BANNISTER, D. (2005) Editorial comment. *Back Office Focus,* October, 1.

BIERSTEKER, T. J. (2002) Targeting Terrorist Finances: The New Challenges of Financial Market Globalization. In BOOTH, K. & DUNNE, T. (Eds.) *Worlds in Collison: Terror and the Future of Global Order.* Houndmills, Baskingstoke, Palgrave Macmillan.

—— (2004) The Return of the State: Financial Reregulation in the Pursuit of National Security After September 11. In TIRMAN, J. (Ed.) *The Maze of Fear: Security and Migration After 9/11.* New York & London, The New Press.

BROWN, G. (2006) *Chancellor strengthens measures to combat terrorist financing*. HM Treasury, 2006, last revised 13 February, available at <http://www.hm-treasury.gov.uk./newsroom_and_speeches/press/2006/press_10_06.cfm>.

DE KOKER, L. (2005) Money laundering control and suppression of financing of terrorism: Some thoughts on the impact of customer due diligence measures on financial exclusion. *Journal of Financial Crime,* 13, no. 1: 26 - 50.

DEMETIS, D. S. & ANGELL, I. O. (2006) AML-related technologies: a systemic risk. *Journal of Money Laundering Control,* 9, no. 2: 157 - 172.

ECORYS-NEI (2006) *Study on improving the efficiency of workers' remittances in Mediterranean countries*. Rotterdam: European Investment Bank, Available: http://www.eib.org/publications/publication.asp?publ=244 [accessed 12 May 2006].

EL QORCHI, M., MAIMBO, S. M. & WILSON, J. F. (2003) *Informal Funds Transfer Systems: An Analysis of the Informal Hawala System*. Occasional paper (International Monetary Fund), 222. Washington, D.C.: International Monetary Fund.

EUROPEAN COMMISSION (2002) *Integrating Migration Issues in the European Union's Relations with Third Countries*. COM (2002) 703 final, last revised 3 December.

—— (2004) *EU Survey on workers' remittances from the EU to third countries*. Summary Report, ECFIN/235/04-EN (rev 1). Brussels: Directorate General, Economic and Financial Affairs.

FINANCIAL ACTION TASK FORCE (1996) *FATF-VII Report on Money Laundering Typologies*. English ed., 2006, last revised 28 June, available at <http://www.fatf-gafi.org/dataoecd/35/26/34968070.pdf>.

—— (1999) *Report on Money Laundering Typologies, 1998 - 1999*. English ed., 2002, last revised 10 February, available at <http://www.fatf-gafi.org/dataoecd/29/38/34038177.pdf>.

—— (2000) *Report on Money Laundering Typologies, 1999 - 2000*. English ed., 2002, last revised 3 February, available at <www.oecd.org/fatf/pdf/TY2000_en.pdf>.

—— (2001) *Report on Money Laundering Typologies, 2000 - 2001*. English ed., 2002, last revised 1 February, available at <www.oecd.org/fatf/pdf/TY2001_en.pdf>.

—— (2002a) *Annual Report 2001 - 2002*. English ed., 2002, last revised 21 June, available at <http://www.fatf-gafi.org/dataoecd/13/1/34328160.pdf>.

—— (2002b) *Report on Money Laundering Typologies, 2001 - 2002*. English ed., 2002, last revised 1 February, available at <www.oecd.org/fatf/pdf/TY2002_en.pdf>.

—— (2003a) *Combating the Abuse of Alternative Remittance Systems: International Best Practices*. English ed., Paris, 2003, last revised 20 June, available at <http://www.fatf-gafi.org./pdf/SR6-BPP_en.pdf>.

—— (2003b) *The Forty Recommendations (2003)*. English ed., Paris, 2003, last revised 20 June 2003, available at <http://www.fatf-gafi.org/dataoecd/38/47/34030579.PDF>.

—— (2003c) *Interpretative Note to Special Recommendation VI: Alternative Remittance*. 2005, available at <http://www.fatf-gafi.org/dataoecd/53/34/34262291.PDF>.

—— (2006) *Annual Report 2005 - 2006*. English ed., 2006, last revised 23 June, available at <http://www.fatf-gafi.org/dataoecd/38/56/37041969.pdf>.

FREUND, C. & SPATAFORA, N. (2005) *Remittances: Transaction Costs, Determinants, and Informal Flows*. Policy Research Working Paper, 3704. Washington, D.C.: World Bank.

GILL, S. (1995) Globalisation, Market Civilisation, and Disciplinary Neoliberalism. *Millennium: Journal of International Studies,* 24, no. 3: 399 - 423.

—— (1997) Finance, Production and Panopticism: inequality, risk and resistance in an era of disciplinary neo-liberalism. In GILL, S. (Ed.) *Globalization, Democratization and Multilateralism.* New York, St. Martin's Press.

—— (2003) American Transparency Capitalism and Human Security: A Contradiction in Terms? *Global Change, Peace and Security,* 15, no. 1: 9 - 25.

HOUSE OF COMMONS (2006) *Minutes of Evidence taken before Treasury Committee (Uncorrected transcript of oral evidence)*. last revised 16 May, available at <http://www.publications.parliament.uk/pa/cm200506/cmselect/cmtreasy/uc848-vi/uc84802.htm [accessed 20 May 2006]>.

INTELLIGENCE AND SECURITY COMMITTEE (2006) *Report into the London Terrorist Attacks on 7 July 2005*. ISC 105/2006. London: Parliament of the United Kingdom, Available: http://www.cabinetoffice.gov.uk/publications/reports/intelligence/isc_7july_report.pdf [accessed 6 July 2006].

LENGALENGA, C. (2005) Some Critical Issues on Informal Value Transfer Systems in Eastern and Southern Africa Ant-Money Laundering Group Member Countries. In INTERNATIONAL MONETARY FUND (Ed.) *Regulatory Frameworks For Hawala and Other Remittance Systems.* Washington, D.C., International Monetary Fund.

LEVEY, S. (2005) Follow the money. *Economist,* 12 November, 18.

—— (2006) *Statement on the Terrorist Finance Tracking Program*. JS-4334 ed., Office of Public Affairs, 2006, last revised 23 June, available at <http://www.treas.gov/press/releases/js4334.htm>.

LEWIS, I. (2005) *Speech by the Economic Secretary, Ivan Lewis at the Global Money Transfers Conference*. HM Treasury, 2006, last revised 17 October, available at <http://www.hm-treasury.gov.uk./newsroom_and_speeches/speeches/econsecspeeches/speech_est_171005global.cfm>.

LICHTBLAU, E. & RISEN, J. (2006) Bank Data Sifted in Secret by U.S. to Block Terror. *New York Times* 23 June.

MEYER, J. & MILLER, G. (2006) Secret U.S. Program Tracks Global Bank Transfers. *Los Angles Times* 23 June.

NATIONAL CRIMINAL INTELLIGENCE SERVICE (2006) *UK Threat Assessment: The Threat from Serious and Organised Crime 2004/5 - 2005/6*. 2006, available at <http://www.ncis.co.uk/ukta.asp>.

PEARCE, D. (2005) *Remittances: Can Business and Policy Interests Converge?* , Department for International Development (DFID), 2006, last revised 20 May, available at <http://www.savings-banks-events.org/remittances/programme%20proceedings.htm>.

PEARCE, D. & SEYMOUR, V. (2005) *Sending Money Home – Remittances to Developing Countries from the UK*. Summary Report, London: Department for International Development (DFID), Available: http://www.dfid.gov.uk/pubs/files/sendmoney-summary.pdf [accessed 12 May 2006].

RATHA, D. (2003) Workers' Remittances: An Important and Stable Source of External Development Finance. In WORLD BANK (Ed.) *Global Development Finance: Striving for Stability in Development Finance.* Washington, D.C., IBRD/World Bank.

SCHMITT, R. B. (2006) 7 Arrested in Miami in Alleged Terrorist Plot. *Los Angeles Times* 23 June. 7.

SCHWERZEL, J. (2006) 'Terrorism as a popular pursuit?' Paper presented at the Liberty, Security and the Challenge of Government (Political Studies Association Annual Conference), The University of Reading, 3 - 6 April.

SHAW, J. (2000) *Law of the European Union.* 3rd ed. Basingstoke, Palgrave Macmillan.

UK MONEY TRANSMITTERS ASSOCIATION (2006a) *Evidence that that the UK high street banks are discriminating against registered money transfer companies wanting to open bank accounts*. Submission to House of Commons Treasury Select Committee examining Financial Exclusion, London, last revised February.

—— (2006b) *Evidence to the scrutiny on Private Sector Development in relation to the importance of person to person remittances as an important but still under-recognised source of funds for third world development*. Submission to House of Commons International Development Select Committee, London, last revised March.

UK REMITTANCE WORKING GROUP (2005) *UK Remittance Market*. London: Department for International Development (DFID), Available: http://www.dfid.gov.uk/pubs/files/uk-remittances-report.pdf [accessed 12 May 2006].

UNITED NATIONS SECURITY COUNCIL (2005) *Resolution 1617 (2005)*. S/RES/1614 (2005), last revised 29 July.

VLCEK, W. (2006a) Acts to Combat the Financing of Terrorism: Common Foreign and Security Policy at the European Court of Justice. *European Foreign Affairs Review,* 11, no. 4.

—— (2006b) 'Alongside global political economy--a rhizome of informal finance.' Paper presented at the Liberty, Security and the Challenge of Government (Political Studies Association Annual Conference), The University of Reading, 3 - 6 April.

WALDRON, J. (2003) Security and Liberty: The Image of Balance. *Journal of Political Philosophy,* 11, no. 2: 191 - 210.

WILLIAMS, P. (2005) Warning Indicators, Terrorist Finances, and Terrorist Adaptation. *Strategic Insights,* IV, no. 1.

WITHERELL, D. W. (2002) 'Strengthening the Offshore Defences against Economic Crime and Abuse.' Paper presented at the 20th Cambridge International Symposium on Economic Crime, Jesus College, Cambridge, 10 September.

WORLD BANK (2004) *Global Development Finance: Harnessing Cyclical Gains for Development.* Washington, D.C., IBRD/World Bank.

—— (2005) *Global Development Finance: Mobilizing Finance and Managing Vulnerability.* Washington, D.C., IBRD/World Bank.

—— (2006) *Global Development Prospects: Economic Implications of Remittances and Migration.* Washington, D.C., IBRD/World Bank.