

## TERRORISM FINANCING AND THE NIGERIAN ECONOMY

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### Abstract

Terrorism activities have advanced in Nigeria leaving the country's economy with numerous challenges. Of recent, terrorist attacks once more dominant in the northern part of the country had extended significantly to the southern parts of the country. Unfortunately, more attention had been given to terrorism activities with little focus and time expended on curtailing terrorism financing. The cardinal objective of this article, therefore, is to comprehensively investigate the implication and effect of terrorism financing on each component of the Nigerian economy. The study concludes from the literature reviewed that the strength of terrorist activities is a function of the ease the terrorist gets funded for their activities. Terrorists thrive in nations like Nigeria when the terrorist can without a tough resistant source for resources or generate funds with or without government concerns. Secondly, the literature also revealed that terrorist financing probably impedes some economic indices in Nigeria like economic unemployment growth, investment, and among others. Therefore, the study recommends among others that significant government programs and policies should be channeled towards curtailing terrorism financing while less effort should be tailored towards combating terrorist activities. However, if the activities are a resources-generating stream for terrorists like kidnapping, quick and thorough effort should be engineered towards tackling such activities being that such activities are a double barrel in the hands of the terrorist due to its multiplier effect.

**Keywords:** terrorism activities; terrorist; economic unemployment growth

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## **1. Introduction**

During ancient times, the concept of terrorist financing, as understood today, did not exist. Acts of violence or insurgency were often supported through various means, including financial resources. For example, in ancient Rome, it was not uncommon for wealthy individuals or rival political factions to provide financial assistance to individuals or groups engaged in acts of violence to further their own objectives. Furthermore, in the medieval period, the financing of violent activities, including terrorism, took different forms. One notable example was the practice of “condottieri” in Italy during the 14th and 15th centuries. Condottieri were mercenary leaders who offered their military services to different factions or city-states. These mercenaries were often funded by wealthy patrons or political entities, and while their activities were not exclusively focused on terrorism, they sometimes employed acts of terror to achieve their objectives. During the Renaissance, instances of political violence occurred, but the history of terrorist financing during this period is not extensively documented (GPT n.d.). Terrorist financing in modern times has become more organized and pervasive. Various methods are used to fund terrorist activities, including state-sponsored support, illicit trade, and fundraising networks. The funding sources range from private donations and criminal enterprises to state actors with political agendas. The evolution of technology, particularly the internet and digital currencies, has also facilitated the transfer of funds for illicit purposes (GPT n.d.).

Terrorism financing, for its part, has a particularly strong impact on small economies. For instance, the GDP of Israel falls in response to terrorist threats. Investment also falls because the owners of capital decide to move their assets to safer countries (Sandler & Enders, 2008). The tourism, international trade, and financial sectors can be affected as well (Chen & Siems, 2004; Enders, et.al 1992; Enders & Sandler, 2008; Nitsch & Schumacher, 2004). As for terrorism financing, this topic was added to the Financial Action Task Force (FATF) recommendations on October 1, 2001, immediately after the attacks in America, triggering strict regulations aimed at preventing terrorism financing in each country. Specifically, Mexico is the third-largest exporter of illegal resources after India and Russia, making up an average of 5.4% of its GDP (Global Financial Integrity, 2015). Most of these illegal resources come from drug trafficking, extortion, corruption, and tax evasion (FATF, 2018b).

The negative effects have led international institutions to implement measures and standards to prevent and combat terrorism financing in financial systems. An

example of this is FATF (The Financial Action Task Force). FATF sets the standards for the effective implementation of legal, regulatory, and operational measures to combat money laundering, terrorism financing, and other threats to the integrity of the international financial system. Member countries and financial institutions, for their part, have implemented the 40 recommendations made by the FATF in its standards and have developed strategies to detect these crimes. They have also agreed to relax domestic bank secrecy provisions when financial investigations have an international aspect (Salazar & Segovia, 2020). Terrorism is not a new phenomenon in world history though their means of financing are not largely identified in the literature, in that it has existed in every age for several centuries. Historically, the following examples of important terrorist groups can be identified: Baader Mainhof gang of West Germany, the Japanese Red Army, the Italian Red Brigade, the Palestinian al Fatah, Israeli Haganah, Lebanese Hezbollah, Osama bin Laden's Al-Qaeda, Khmer Rouge of Cambodia, the Viet Cong in Vietnam, Somalian al Shabaab, Al-Qaeda in the Maghreb (AQIM), to mention but a few prominent ones (Ngare, 2012).

No wonder the 2011 World Investment Report of the United Nations Conference on Trade and Development reported that business activities caused by insecurity in Kano State alone have cost the Nigerian economy N1.3 trillion (\$6 billion) as a result of attacks by the Boko Haram group. It was further reported that the report monitored on the Voice of America (VoA) also showed that the Centre for Research and Documentation in Kano attributed the development to a drop in earnings for nearly all businesses in the state (Leadership, 2012). In the area of diplomatic relations, Boko Haram in Nigeria has negatively affected the relationship between Nigeria and other Nations of the world because of bombing coupled with kidnapping and hostage-taking with or without the demand for ransom particularly of foreigners which has resulted in demised of some of them has had greatly been an object of critical concern not only to Nigeria together with International Community. It could be recollected that a few years ago, the United States of America warned its nationals not to go to some states in Nigeria without forgetting that the United Nations initially included Nigeria in the watching list of terrorists in the World which was later removed. Also, it is once reported that there are strong indications that Nigeria may be blacklisted by international anti-money laundering watchdogs called Financial Action Task Force (FATF) over its inability to track the source of funds of Boko Haram and curb terrorism financing in general (Odidison & Babajide, 2012).

Specifically, Usman and Urwah, (2022) examined the impact of kidnapping in Nigeria which has probably constituted a significant portion of terrorism financing in Nigeria. Differently, Adibe, and Chibuike, (2020) examined the role of ICT in reducing terrorism financing in Nigeria. Recent researchers like (AMLA, 2023; Ana, 2020; FAFT, 2022; Howard & Oyesola 2023; Kangdim et al., 2020; Paul et al., 2021; Plangshak & Peter, 2021; Toyin et al., 2022; Valeriia, & Oleg, 2021; Vesna, 2021; Uzoma et al., 2022). have investigated the concept of terrorism financing. Furthermore, Valeriia and Oleg (2021) in their recent research, highlighted that terrorist trade is significantly funded with cryptocurrency. Additionally, research by Paul et al. (2021) reveals that terrorists engaged in illicit activities to raise finances. In addition, a very recent study by Olusola and Ebenezer (2023) reveals that there is no legal framework for terrorist asset recovery and confiscation. Terrorism has continued in Nigeria with a significant effect on the Nigerian economy. Some researchers have examined the effect of terrorism on the economy (Olaniyi, 2016; Mai-Bornu & Ogwuche, 2017), but no known empirical research on the implication of terrorism financing on the Nigerian economy. Meanwhile, huge efforts have been made in Nigerian toward combating terrorism in Nigeria. Unfortunately, it is not unlikely that less attention had been made to controlling and constantly assessing the sources of terrorist funds in Nigeria. It is probable that terrorist activities could be significantly curtailed if the revenue stream of the terrorist is blocked. However, the Onus lies when the activities of the terrorists become a major source of their financing. The second component of this study is to analyze and assess comprehensively the implication of terrorism financing on the economy with reference to the Nigerian 21<sup>st</sup> economy. The study is further necessitated due to the incessant occurrence of kidnapping and ransom payment by Nigerians in the light of the current economic reality being that ransom had been identified as a major component and stream of terrorist funding in the Nigerian economy.

## **2. Conceptual Review**

Considering the problem raised, it is significant that this study provides collective and specific views and opinions of researchers on the concepts. Specifically, terrorism financing and the Nigerian economy were therefore discussed extensively below.

## **2.1. Concept of Terrorism Financing**

The International Monetary Fund (IMF) (2003) defines terrorism financing as the unlawful acquisition, movement, and utilization of funds to support terrorist acts. This broad definition includes various activities such as fundraising, money transfers, money laundering, and the exploitation of both formal and informal financial systems. By emphasizing the illicit nature of the financial activities, the IMF highlights the need for vigilance in identifying and disrupting such funding mechanisms to counter the menace of terrorism effectively. On the other hand, the United Nations Security Council Resolution (2019) adopts a more concise approach, stating that terrorism financing involves providing funds or financial resources to support terrorist activities. While this definition does not delve into specific methods or channels, it underscores the pivotal role of financial support in sustaining terrorist operations, calling for measures to prevent such resources from reaching terrorist groups.

The Financial Action Task Force (FATF) (2012) emphasizes the significance of terrorism financing in counterterrorism efforts. According to the FATF, cutting off the financial lifeline of terrorist groups is essential to diminish their capabilities. This perspective underscores the strategic importance of disrupting the flow of funds and resources to curb the operational capacity of terrorist organizations effectively. The European Parliament (2017) offers a comprehensive view of terrorism financing, stating that it encompasses a wide range of sources, methods, and channels used to raise, transfer, or utilize funds for terrorist purposes. This definition expands beyond mere funding to include aspects such as recruitment, training, planning, and executing terrorist acts. By highlighting the multifaceted nature of terrorism financing, the European Parliament recognizes the need for a holistic approach to addressing the issue. Similarly, the European Union (2017) emphasizes the provision of financial resources, whether directly or indirectly, to terrorist organizations or individuals to enable them to carry out terrorist activities. This perspective acknowledges the various actors involved in the process and the potential indirect support that can sustain terrorist operations. The United Nations Office on Drugs and Crime (UNODC) (2016) identifies terrorism financing as the financial facilitation of terrorist activities through various means, including fundraising, donations, charity organizations, and the misuse of non-profit entities. This view sheds light on the diverse avenues through which terrorist organizations can obtain financial support, urging comprehensive efforts to disrupt these funding mechanisms.

Furthermore, Global Counterterrorism Forum (GCTF) (2013) broadens the scope by including state sponsorship, criminal activities, illicit trade, money laundering, and

the exploitation of financial systems as sources of terrorism financing. This expanded perspective highlights that terrorism financing is not limited to isolated transactions but can involve complex networks and systemic elements. The Australian Transaction Reports and Analysis Centre (AUSTRAC) (2021) further emphasizes the various methods employed by terrorist organizations to generate and move funds, encompassing state sponsorship, self-funding through criminal activities, and solicitation of donations from sympathizers. This multifaceted approach underscores the adaptability of terrorist organizations in securing financial resources. The United Nations Counter-Terrorism Committee Executive Directorate (CTED) (2017) defines terrorism financing as the financial activities associated with terrorist acts, including the collection, movement, and use of funds, as well as the mechanisms and networks used for financial support. This comprehensive view encompasses both the operational aspects and the underlying infrastructure of terrorism financing. The Egmont Group (2017) focuses on the action of providing or collecting funds, assets, or financial services with the intention, knowledge, or belief that they may be used to facilitate terrorist activities. This perspective underscores the culpability of individuals and entities involved in facilitating terrorism financing, whether knowingly or unknowingly. Lastly, according to the Bank for International Settlements (BIS) (2016), terrorism financing refers to the act of providing financial assistance, including funds, assets, or economic resources, to individuals or groups engaged in terrorist activities. This definition emphasizes the direct support provided to those involved in terrorist acts, without specifying particular methods or channels.

While the perspectives on terrorism financing share common elements such as providing financial resources to support terrorist activities, they also exhibit variations in scope, emphasis, and level of detail. The nuanced perspectives offered by these international organizations reflect the complexities of terrorism financing and the need for a comprehensive and coordinated approach to counter this threat effectively. For the study, terrorism financing involves the schemes of financial networks adopted by terrorists in raising, sourcing, and applying funds and financial links to boost their terrorist business and agenda.

## **2.2. The Nigerian Economy**

According to the World Bank (2021), Nigeria is recognized as having the largest economy in Africa based on its nominal GDP, surpassing South Africa, and maintaining its position as the continent's economic powerhouse. The Nigerian economy heavily relies on its oil and gas sector, which contributes a significant

portion to its GDP and government revenue, as reported by OPEC (2021). Additionally, Nigeria boasts a diverse agricultural sector that plays a vital role in the economy by employing a large portion of the population and contributing to both food security and export earnings, as stated by the Food and Agriculture Organization (2021). The country also attracts substantial foreign direct investment, particularly in sectors such as telecommunications, banking, and manufacturing, which contributes to economic growth and job creation, as indicated by the National Bureau of Statistics (2020).

Moreover, the informal sector, comprising activities such as street vending, small-scale trading, and artisanal work, significantly contributes to Nigeria's economy by providing employment opportunities and income for a substantial portion of the population, as highlighted by the International Monetary Fund (2020). The United Nations recognizes Nigeria's large and growing population as a significant market potential for domestic consumption and investment opportunities (United Nations, 2021). The Central Bank of Nigeria (2021) asserts that the Nigerian government has been taking steps to diversify the economy away from oil dependency by promoting sectors such as agriculture, manufacturing, solid minerals, and services. Furthermore, Nigeria has a well-developed financial services sector, including banking, insurance, and capital markets, serving as a hub for financial activities in West Africa, as reported by the Central Bank of Nigeria (2021). The country also exhibits a vibrant entrepreneurship and start-up culture, with a growing number of young entrepreneurs and innovative ventures emerging in sectors such as technology, e-commerce, and fintech, according to Disrupt Africa (2021). To enhance connectivity and stimulate economic growth, the Nigerian government has initiated various infrastructure development projects, including road construction, railway expansion, and power sector reforms, as stated by the Presidency of Nigeria (2021).

Unfortunately, Nigeria faces the significant challenge of youth unemployment, with a large portion of its young population unable to find suitable employment opportunities, according to the National Bureau of Statistics (2020). Additionally, corruption remains a major obstacle in Nigeria, affecting various sectors of the economy and hindering investment, transparency, and development, as highlighted by Transparency International (2021). The World Bank (2021) recognizes the significant challenges of poverty and income inequality in Nigeria, with a considerable portion of the population living below the poverty line, emphasizing the importance of addressing these issues for inclusive and sustainable economic development. As a member of the Economic Community of West African States (ECOWAS), Nigeria seeks to promote regional integration and intra-regional trade

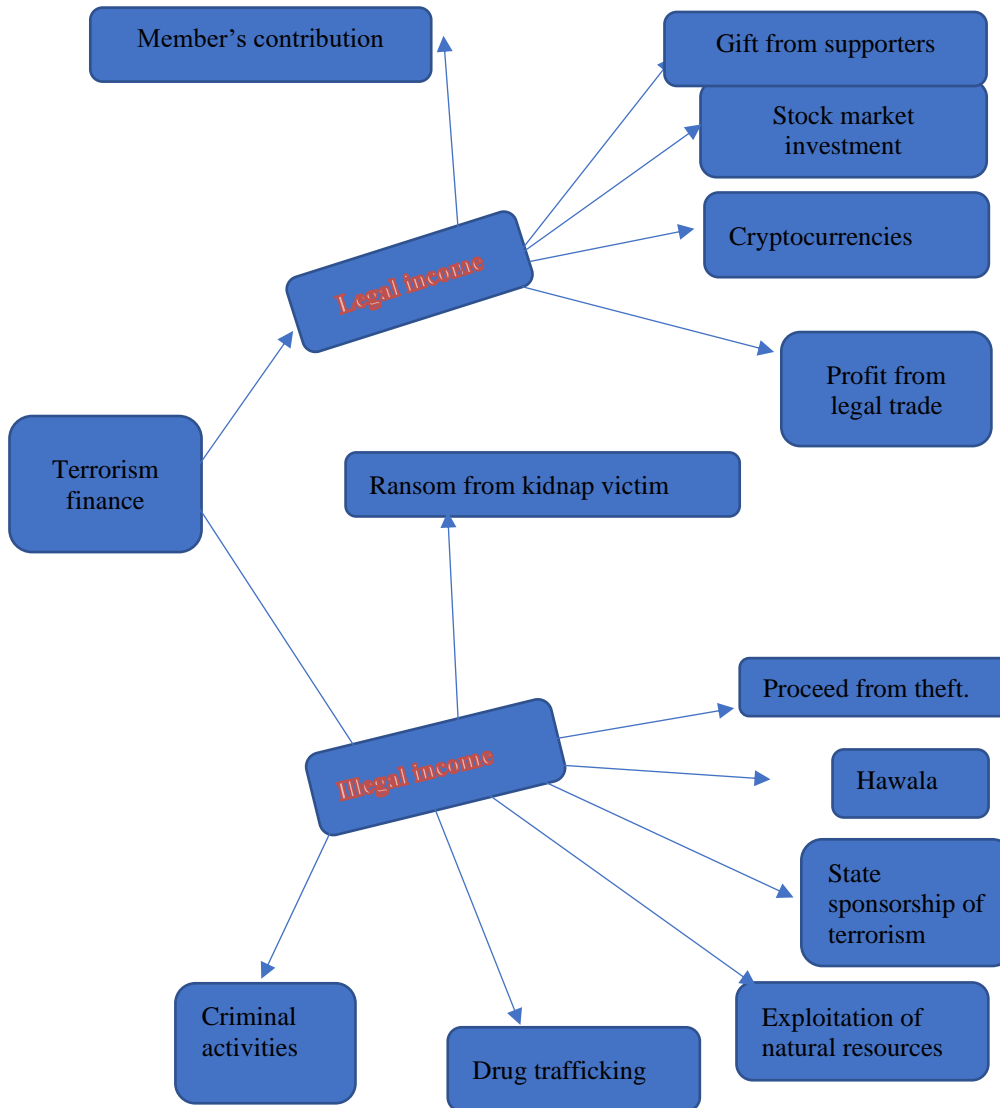
and plays a vital role in trade negotiations and agreements within the African continent, according to ECOWAS (2021). Unfortunately, Nigeria's economy also faces infrastructure challenges, including inadequate power supply, transportation networks, and limited access to basic amenities, which need to be addressed for sustained economic development, as identified by the World Bank (2020). The challenges facing the nation might not comprehensively be attributable to terrorism financing, however, it is probable that terrorism financing had a contributory role in heightening the effect and growth of these confronting challenges.

### **2.3 Terrorism Financing and Its Techniques**

Terrorism has been a major global security concern for many years, posing a significant threat to innocent lives, societal stability, and international peace. To carry out their heinous acts, terrorist organizations require funds to finance their operations, recruit new members, acquire weapons and equipment, and maintain a network of supporters. The process by which these groups obtain and manage financial resources to sustain their activities is known as terrorism financing. Terrorism financing can take various forms and involves a range of techniques that enable these groups to hide, move, and utilize funds with relative anonymity. While some terrorist organizations rely on state sponsors or illicit activities, others exploit modern technologies and financial systems to facilitate their financial operations. Terrorists require funding for both their immediate operational support and broader organizational requirements (Financial Action Task Force, 2008). Additionally, lone actors and small terrorist cells also rely on financial resources (FATF, 2015b). Existing literature on terrorism financing primarily focuses on examining various sources of income. Unlike money launderers, terrorist financiers can acquire funds through legal and illegal means (FATF, 2008; FATF, 2018). Legal income sources may include gifts from supporters and investments in the stock market, while illicit income sources may involve proceeds from theft, kidnappings, and drug trafficking (Dalyan, 2008; Engel, 2004; Flanigan, 2006; Hroub, 2006; Raphaeli, 2003; Roy, 2007; Tierney, 2017). State sponsorship of terrorism, misuse of nonprofit organizations, and the exploitation of natural resources have historically played significant roles in financing terrorism (FATF, 2015b; FATF, 2018). However, the specific methods used by terrorists to transfer their funds remain largely unknown. Previous research has primarily focused on investigating the formal financial sector, the trade sector, cash couriers, alternative remittance systems, and the utilization of charities and nonprofit organizations (FATF, 2008). Additionally, studies have examined money value transfer systems (FATF, 2015b). Recent trends in terrorism financing have analyzed the financial needs of foreign terrorist fighters, explored the role of virtual



currencies, prepaid cards, and internet-based payment services, and raised the concept of self-funding and fundraising through social media (FATF, 2015). However, for the purpose of clarity, the various sources of funding and financing employed by terrorists were identified in figure 1 below..



**Figure 1. Sources of terrorism financing**

*Source: Author's conceptualization and division*

Figure 1 shows the diagrammatic division of the various means terrorists are being financed. Unfortunately, terrorists do follow legal procedures in raising funds which makes it more complex to detect and combat. However, terrorists employed several schemes and techniques to raise funds internally and externally. This technique ranges from offshore banks, hawala, straw men, documentation, transaction analysis, and lawsuits among others.

**2.3.1 Offshore Bank:** Offshore banks continue to be a favored option for both terrorism financiers and money launderers, especially when dealing with significant sums of money (Fabian, 2019). Dubai has gained popularity among these individuals due to two primary factors. Firstly, Dubai banks are known for their less stringent compliance measures, resulting in fewer inquiries into transactions, especially large deposits (Fabian, 2019). Secondly, offshore destinations are less cooperative in sharing information with other countries, impeding law enforcement investigations, especially when multiple offshore destinations are involved and slow responses from authorities hinder the process. This obstacle is particularly prevalent when individuals with resident visas act as fronts for the transactions (Fabian, 2019). This highlights how lax compliance measures can be circumvented by utilizing banks with less rigorous control procedures.

**2.3.2 Hawala:** The historical origins of Hawala can be traced back to the Indian subcontinent during the medieval era when merchants required a safe and efficient way to transfer funds across vast distances. The system later spread to other regions, including the Middle East, North Africa, and parts of Europe and Asia (GPT, n.d.). Hawala is a traditional value transfer system that operates without the physical movement of funds (Van, 2003). It relies on a network of hawaladars who facilitate transfers by honoring debts and maintaining balances across different locations (Van, 2003). In a typical hawala transaction, an individual provides money to a local hawaladar, who then instructs another hawaladar in a different location to pay an equivalent amount to the recipient. The transaction is based on trust and mutual agreements rather than formal contracts or documentation. Trust, reputation, familial or ethnic connections, and shared cultural or religious affiliations play crucial roles within the Hawala network (Levi & Reuter, 2006). The system operates outside the formal regulatory framework of banks, making it appealing to individuals seeking to bypass financial regulations or maintain privacy. However, this informality also poses challenges in terms of transparency and accountability (Passas, 2006). It is important to note that while hawala itself is a legitimate method of remittance, its informal nature makes it vulnerable to misuse for illicit activities such as money laundering and terrorist financing. Nevertheless, it is essential to

recognize that the majority of hawala transfers serve legitimate purposes (International Monetary Fund, 2005).

**2.3.3 Strawmen.** Most compliance procedures implemented by banks and other financial institutions are centered around identifying the beneficial owner. Hence, intelligent criminals do not act in their own name but instead use straw men with plausible and reliable backgrounds. Even if those straw men are caught, the white-collar criminals standing behind them will remain undetected in most cases. When choosing a straw man, white-collar criminals pay attention to the individual's background. For instance, a married father of four children in his late 40s will be considered preferable to a single male in his early twenties, as this reduces the feasibility of the straw man absconding with assets held in their own name. In addition, white-collar criminals consider it important that their straw men have plausible backgrounds. For instance, someone placed in charge of a large consulting or trading business typically has a well-documented background in law or economics. This allows criminals to provide compliance departments with very plausible and well-rounded explanations for transactions. Finally, it should be noted that straw men typically fit the transaction for which they are used. For example, transactions between Eastern and Western Europe could be handled by a straw man with a Russian background who holds a German passport and lives in Switzerland. This person will be able to plausibly explain why he is profitably trading between Eastern and Western Europe. Similarly, a terrorist financier wishing to transfer assets from Austria to Turkey could use a straw man of Turkish origin who lives in Vienna. This individual will be able to plausibly claim that they are transferring part of their salary to a sick family member in Istanbul (Fabian, 2019).

**2.3.4 Transaction Analysis.** Both money launderers and terrorism financiers are aware that banks and other financial service providers use transaction analysis mechanisms to detect suspicious behavior. Hence, to avoid attracting unwanted attention, they will ensure that the accounts and profiles of their straw men gradually become associated with certain transactions. In particular, criminals start with small transactions and then slowly increase the volume. For instance, they might make monthly transfers from Switzerland to Ukraine, beginning with \$1,000 and adjusting the transaction sum by five to fifteen percent each month. While the straw man will most likely have to provide explanations for their first few transactions, their twentieth transaction will already be considered normal and in line with their customer profile. Typically, the first few transactions are carried out for legitimate business purposes and are then complemented with illicit transactions (Fabian, 2019).

**2.3.5 Documentation:** Sophisticated documentation is commonly used by both money launderers and terrorism financiers to substantiate the purposes of their transactions. Loan contracts between private parties, for instance, are often notarized. However, it is important to note that the notarization process only certifies the authenticity of the signatures, not the purpose of the transaction. Compliance departments often mistakenly assume otherwise. Therefore, it is crucial for compliance departments to critically question all transactions and not blindly trust certified or notarized documents. Additionally, white-collar criminals typically have their documentation prepared before initiating a transaction, enabling them to provide plausible supporting documents promptly upon request. Hence, the trustworthiness of promptly provided supporting documents should not be overestimated (Fabian, 2019).

**2.3.6 Consulting Firms:** One popular method of money laundering and terrorism financing is the establishment of consulting firms that offer both real and fictitious services. For example, criminals may set up a limited company in Zurich, Switzerland, presenting itself as a consulting services provider. The company operates with an office in a prestigious building and employs real consultants who offer legitimate marketing services to independent companies in Switzerland. Subsequently, the company claims to expand internationally and opens subsidiaries in Liechtenstein, the UK, and the United Arab Emirates. These subsidiaries engage qualified consultants and provide both genuine and fictitious services, with the latter targeting Eastern Europe. Compliance departments of banks checking the consulting company group will encounter legitimate consultants and verifiable clients. However, clients in Eastern Europe typically do not receive services, despite signing complex consulting agreements. Affiliated companies in Ukraine, India, or China may produce personalized documents as evidence of the provision of consulting services. Criminals take industry benchmarks into account when establishing such consulting firms, ensuring that their profitability remains plausible compared to peers. A company that stands out as being 50 percent more profitable than its counterparts usually attracts admiration rather than suspicion. It should be noted that transactions involving high-risk destinations can be conducted through subsidiaries, enabling, for instance, Russian clients to channel their funds through a Dubai subsidiary, with profits ultimately paid out as dividends to the parent company in Switzerland (Fabian, 2019).

**2.3.7 Cash deposit boxes:** In many cases of money laundering and terrorism financing, individuals may need to conceal their funds for a limited period. For example, a criminal who has received a bribe of \$5 million may not want to create a

complex system to launder the money. Instead, they may use it gradually over time to cover their living expenses. Similarly, terrorism financiers might not need to transfer their assets from one country to another for immediate use. Instead, they might employ the funds to support individuals planning isolated attacks, such as “lone wolves”, within the same country (Fabian, 2019).

To accomplish this, individuals may opt to securely store the money in a hidden location, making it difficult for law enforcement authorities to discover. Additionally, criminals take precautions to ensure that if the money is found, its true owner cannot be traced. They often use a technique involving a “straw man” who rents a deposit box from a private safety and security company. The valuable items are then stored in this box. If the deposit box is eventually found by authorities, no direct connection can be established between its contents and the criminal who instructed the straw man to rent it (Fabian, 2019).

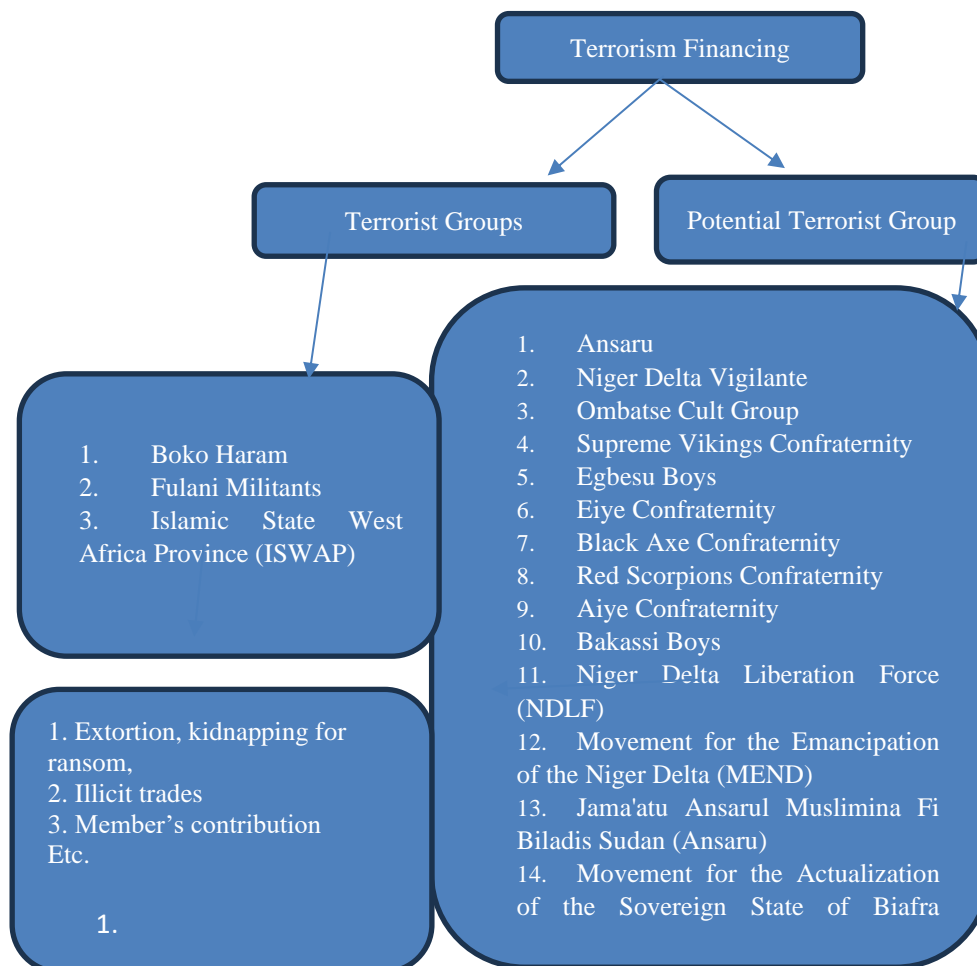
**2.3.8 Lawsuit:** Lawsuits can be an effective strategy to provide plausible explanations for transactions. By obtaining a legal judgment in a civil suit, individuals involved in terrorism financing or money laundering can create a seemingly legitimate reason for their transactions. For example, if a terrorist financier wants to transfer \$1 million from Switzerland to Turkey, they may ask the recipient to initiate a lawsuit against the sender. Strawmen would be used on both sides of the transaction, with the Turkish straw man filing a civil claim against the Swiss straw man in Switzerland. The Swiss straw man, intentionally weakly defending himself, would admit to all claims made by the Turkish straw man without presenting proper evidence or compelling arguments. The Swiss straw man might acknowledge borrowing \$1 million from the Turkish straw man, and claim to have already repaid the money, but offer no substantiating proof. The focus would be on making the defense appear unconvincing. As a result, the Swiss judge would have no choice but to rule in favor of the Turkish straw man. Both parties would then possess a verdict from a Swiss court, which they can present to compliance departments as justification for transferring \$1 million from Switzerland to Turkey. Unfortunately, many compliance departments mistakenly assume that the court has verified all facts when in reality, the judgment is primarily based on the arguments presented by the parties involved (Fabian, 2019).

**2.3.9 State Sponsorship:** State sponsorship is a phenomenon where certain countries are accused of providing financial support to terrorist organizations, either directly or indirectly. For example, Iran has faced allegations of supporting Hezbollah, while Pakistan has been accused of aiding various militant groups (Levitt, 2019).

**2.3.9 Cash Transfers:** Cash transfers, involving the use of physical currency, are another method employed by money launderers and terrorism financiers. Cash couriers, for instance, may be utilized to transfer money from one location to another, such as from Germany to Syria. The existence of refugee routes where individuals have traveled without proper documentation makes it difficult to argue against the plausibility of such cash transfers. Consequently, if financial institutions' compliance departments intensify their efforts, money launderers and terrorism financiers could simply opt to transfer their funds outside the formal financial system. However, such transfers may come with the risk of theft and relatively high costs (Fabian, 2019).

#### **2.4. Terrorist Groups, Potential Terrorist Groups, and their Financing in Nigeria**

In Nigeria, it is highly probable that nationally and globally recognized terrorist groups, such as Boko Haram, have emerged due to their harmful activities within the country. However, there are other groups whose harmful activities are akin to those of terrorists, but they have not yet been officially identified as terrorists on a national or global level. In this study, these groups are referred to as potential terrorist groups because there is a possibility that their actions might be comparable to those of established terrorist organizations. The distinguishing factor between these potential groups and the officially recognized ones lies in the lack of formal designation. Nonetheless, evidence from the literature indicates that both terrorist groups and potential terrorist groups share a common feature in terms of fundraising and financing strategies. Terrorist groups directly comprise according to Dokua (2023) Boko Haram, and the Fulani extremist. Additionally, GPT (n.d.) highlighted the ISWAP among the terrorist groups in Nigeria.



**Figure 2. Financial LCM of terrorist groups and potential terrorist groups.**

*Source: Author's presentation*

The Financial Lowest Common Multiple (LCM) of potential terrorist groups and recognized terrorist groups in Nigeria, as depicted in Figure 2, demonstrates a shared source of fundraising practices utilized by both types of groups. This clear similarity should prompt the government to take decisive actions against the activities of potential terrorist groups.

In other words, the financial strategies employed by potential terrorist groups and already established terrorist groups are similar, as indicated in the visual representation in Figure 2. This striking resemblance should serve as a wake-up call for the government to address and respond to the activities of potential terrorist

groups promptly and effectively. By recognizing the commonality in their fundraising practices, the government can implement necessary measures to combat the potential threat posed by these groups and safeguard the security and well-being of the nation.

**2.4.1 Boko Haram:** Boko Haram finances its activities through various means, including kidnapping for ransom, extortion, looting, and illicit trade. It operates primarily in northeastern Nigeria initially, particularly in Borno, Yobe, and Adamawa states (Council on Foreign Relations, 2021).

**2.4.2 Islamic State West Africa Province (ISWAP):** ISWAP relies on different sources of funding, including extortion, kidnapping for ransom, and control of illicit trades such as arms, drugs, and human trafficking. It primarily operates in northeastern Nigeria, specifically around Lake Chad and the Sambisa Forest. ISWAP is an affiliate of the Islamic State (ISIS) in Nigeria (Combating Terrorism Center at West Point, 2021).

**2.4.3 Ansaru:** Ansaru reportedly funds its activities through kidnapping for ransom, armed robbery, and other criminal activities. It is mainly active in northwestern Nigeria, particularly in Kaduna, Kano, and Niger states (United States Institute of Peace, 2021).

**2.4.4 Fulani Militant Groups:** Fulani militant groups engage in cattle rustling, extortion, and involvement in illicit trade activities. They are found in various regions of Nigeria, particularly in central and northern states such as Benue, Plateau, Kaduna, and Taraba (Guardian, 2020).

**2.4.5 Niger Delta Avengers (NDA):** The Niger Delta Avengers target oil infrastructure and engage in oil theft, which provides a source of funding for their activities. They operate in the Niger Delta region, primarily in states such as Delta, Bayelsa, and Rivers (Africa Center for Strategic Studies, 2020).

**2.4.6 Movement for the Emancipation of the Niger Delta (MEND):** MEND historically received funding through illicit oil bunkering, illegal refining, and kidnapping for ransom. Initially active in the Niger Delta region, particularly in states such as Delta, Bayelsa, and Rivers, but has been largely inactive in recent years (Combating Terrorism Center at West Point, 2015).

**2.4.7. Jama'atu Ansarul Muslimina Fi Biladis Sudan (Ansaru):** Ansaru has been known to finance its activities through kidnapping for ransom and other criminal activities. It is primarily active in northwestern Nigeria, particularly in Kaduna, Kano, and Niger states (United States Institute of Peace, 2021).



**2.4.8. Movement for the Actualization of the Sovereign State of Biafra (MASSOB):** MASSOB is primarily funded by voluntary contributions from its members and supporters. It operates in the southeastern region of Nigeria, particularly in states such as Anambra, Imo, and Enugu (Council on Foreign Relations, 2018).

**2.4.9 Niger Delta Vigilante (NDV):** The NDV relies on community support and limited external funding for its activities. It is active in the Niger Delta region, primarily in states such as Delta, Bayelsa, and Rivers (Africa Center for Strategic Studies, 2020).

**2.4.10. Ombatse Cult Group:** Ombatse has reportedly been funded through contributions from its members and supporters. It is primarily based in Nasarawa State, central Nigeria (Global Terrorism Database, 2021).

**2.4.11 Movement for the Actualization of the Sovereign State of Biafra-Independence Movement (MASSOB-IM):** MASSOB-IM is funded through voluntary contributions from its members and supporters. It is active in the southeastern region of Nigeria, particularly in states such as Anambra, Imo, and Enugu (Council on Foreign Relations, 2018).

**2.4.12 Supreme Vikings Confraternity (SVC):** SVC reportedly funds its activities through extortion, involvement in illicit trades, and control of criminal activities. It operates primarily in southern Nigeria, including states such as Lagos, Rivers, and Delta (Nigerian Tribune, 2021).

**2.4.13 Egbesu Boys:** Egbesu Boys engage in criminal activities such as kidnapping for ransom and illegal oil bunkering to fund their operations. They are primarily active in the Niger Delta region, particularly in states such as Delta, Bayelsa, and Rivers (Council on Foreign Relations, 2020).

**2.4.14 Eiye Confraternity:** Eiye Confraternity reportedly funds its activities through extortion, involvement in illicit trades, and control of criminal activities. It is active in various parts of Nigeria, particularly in southwestern states such as Lagos, Ogun, and Ondo (Council on Foreign Relations, 2020).

**2.4.15 Black Axe Confraternity:** The Black Axe Confraternity is reported to finance its activities through extortion, involvement in illicit trades, and control of criminal activities. It is active in different regions of Nigeria, particularly in southwestern states such as Lagos, Ogun, and Ondo (Council on Foreign Relations, 2020).

**2.4.16 Red Scorpions Confraternity:** The Red Scorpions Confraternity reportedly funds its activities through extortion, involvement in illicit trades, and control of criminal activities. It operates in various regions of Nigeria, particularly in

southwestern states such as Lagos, Ogun, and Ondo (Council on Foreign Relations, 2020).

**2.4.17 Vikings Confraternity:** The Vikings Confraternity is reported to finance its activities through extortion, involvement in illicit trades, and control of criminal activities. It operates in various parts of Nigeria, particularly in southwestern states such as Lagos, Ogun, and Ondo (Council on Foreign Relations, 2020).

**2.4.18 Niger Delta Liberation Force (NDLF):** The NDLF reportedly finances its activities through involvement in illicit trades, including oil theft and illegal refining. It primarily operates in the Niger Delta region, particularly in states such as Delta, Bayelsa, and Rivers (Africa Center for Strategic Studies, 2020).

**2.4.19 Bakassi Boys:** The Bakassi Boys have reportedly received support from local politicians, businesses, and communities. They were initially active in southeastern Nigeria, particularly in Abia and Anambra states, but their activities have declined in recent years (Global Terrorism Database, 2021).

## **2.5. Money Laundering and Terrorism Financing**

Several authors consider money laundering and terrorism financing as synonymous. Therefore, it is crucial for this research to highlight both the similarities and differences between these two concepts.

Similarly, there are various revenue streams involved in funding terrorist operations. Both money laundering and terrorist financing are considered financial crimes that can have severe economic consequences. They pose a threat to a country's financial sector stability and overall external stability. It is crucial to have an effective anti-money laundering and combating the financing of terrorism regimes in place to safeguard market integrity and the global financial framework. These measures help address the factors that facilitate financial abuse. Taking action to prevent and combat money laundering and terrorist financing is driven by both a moral obligation and an economic necessity. Additionally, there are similarities between these two crimes. They exploit similar vulnerabilities within financial systems, allowing for a concerning level of anonymity and lack of transparency in financial transactions. Terrorists employ techniques resembling those used by money launderers to evade detection by authorities and conceal the identities of their sponsors and ultimate beneficiaries (Financial Crime Academy n.d.).

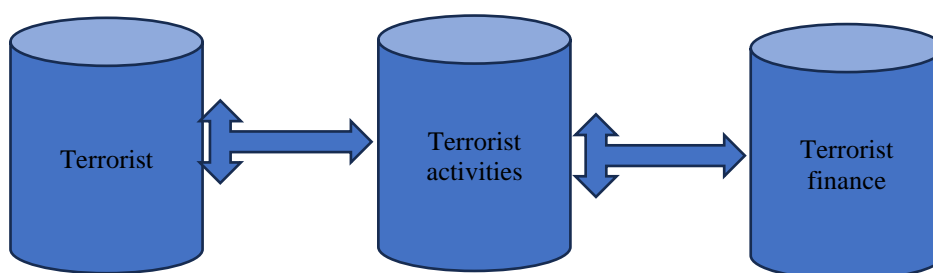
Money laundering and terrorist financing can also occur in conjunction with each other, such as when funds provided to terrorist organizations are laundered. The objective of terrorists is to consolidate numerous small funds into larger sums that ultimately end up under their control. Money laundering can be seen as a circular process involving the collection, processing, and return of proceeds of crime to the criminals. In contrast, terrorist financing follows a linear progression involving the collection, storage, movement, and utilization of funds and assets obtained from legal or illegal sources. Another distinction is that terrorists utilize formal banking systems, as well as informal value-transfer systems like the Hawala system or traditional instruments like Hundees for fund transfers. Hundees are a historical Indian financial instrument used for remittance purposes. Furthermore, terrorists resort to the physical transportation of cash, gold, and other valuables through smuggling routes, which is one of the oldest methods of asset transfer (Financial Crime Academy nd).

The UK AML Whitepaper (n.d.) provides insight into the relationship between money laundering and terrorism financing in terms of funding sources and the motivations and purposes behind these crimes. Money laundering involves making illegal funds appear legitimate, whereas terrorist financing aims to raise funds for sustaining terrorist activities, covering operational needs, and promoting related ideologies. The sources of funds for terrorism financing can include corporate contributions, government support, donations, and legitimate business activities, although there is always an involvement of an illegal funding source in money laundering. Money laundering primarily aims to exploit criminal activities for financial gain, while terrorist financing focuses on financing acts of terrorism, regardless of their legality, driven by ideological motivations. Money laundering involves a process of integrating illegal funds into the financial system through multiple transactions, enabling criminals to bypass security measures and generate more illicit funds. In contrast, terrorist financing is not concerned with concealing illegal money but rather with using funds to exert violence and coercion on a population or state and finance criminal acts. The money laundering cycle revolves around legitimizing the source of funds through intricate transactions, incorporating them into the official economy, and subsequently reusing the money to fund additional illegal activities. In terrorist financing, funds are raised, introduced into the economic system, concealed, and ultimately integrated into the financial system to support terrorist objectives (UK AML Whitepaper, n.d.).

### 3. Theoretical framework

This research depends largely on the Economic Deprivation Theory (EDT). According to EDT, economic deprivation, inequality, and poverty can create conditions that contribute to the emergence and persistence of terrorism, including its financing. The Economic Deprivation Theory, also known as the “Economic Grievance Theory,” is a theoretical perspective that suggests a causal connection between economic deprivation, inequality, and poverty, and the emergence or support of terrorism. The theory proposes that individuals or groups experiencing economic deprivation are more likely to engage in terrorism as a means of expressing their grievances and seeking redress for perceived injustices (Blomberg et al. 2004; Gassebner et al. 2008; Krueger & Maleckova, 2003).

Although the concept of economic deprivation as a contributing factor to terrorism has been explored by various scholars, it is important to note that there isn't a single, specific proponent of the theory.



**Figure 3. Terrorism financing dilemma**

*Source: Authors conceptualization*

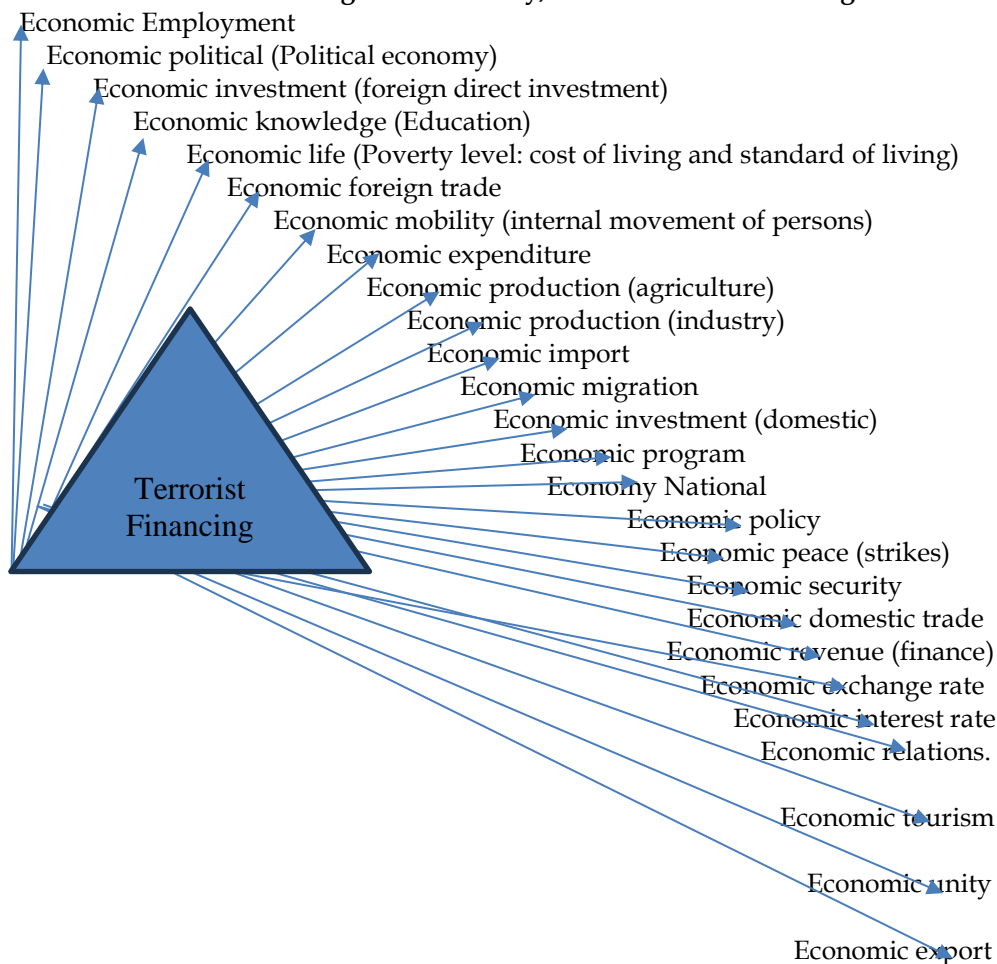
The theory mentioned has been extensively developed and discussed by numerous researchers in the field of terrorism studies. This theory sheds light on how many Nigerians can be lured into terrorism due to the prevailing hardships and deprivation they face. However, the situation can escalate to extremes, as illustrated in Figure 3, where terrorists finance their operations through their activities and further generate funds for their terrorist agenda in the country. The figure illustrates a scenario where citizens, expressing their grievances, become involved in terrorist activities that subsequently generate funds to support and advance the further terrorist agenda in the nation.

### **3.1. Tackling Terrorism Financing**

Traditional approaches for detecting money laundering and terrorism financing involve manual methods such as computer database checks, surveillance, mail/trash covers, subpoenas, interviews with associates, search warrants, and subject interviews. However, these methodologies are often inefficient and resource-intensive. Moreover, financial institutions have implemented systems to identify suspicious transactions based on fixed rules and predefined thresholds. Unfortunately, this approach tends to generate a high number of false positives as it lacks the ability to adapt the rules according to changes in criminal behavior (Chandraeva et al. 2020; Moustafa et al. 2015; Salazar et al. 2020).

In recent years, the advancement of technology, including data warehouses, enhanced computing power, and the development of software packages, has paved the way for the utilization of artificial intelligence (AI) techniques to address the limitations of traditional detection methods for money laundering and terrorism financing (Salazar et al. 2020; Watkins et al., 2010).

### 3.2. Contextual View of Nigeria's Economy, and Terrorism Financing



**Figure 4. Terrorist financing and economic indexes Growing pyramid.**

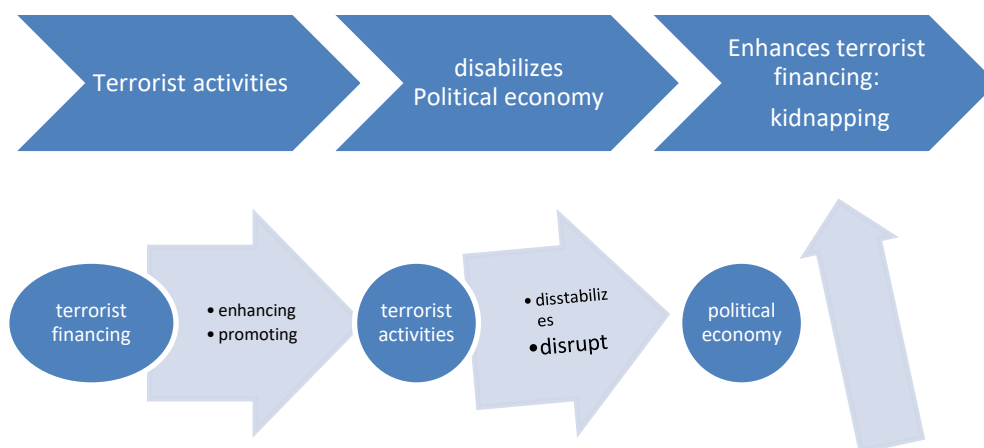
*Source: Authors conceptualization*

Nigeria's economy has been a subject of significant interest and concern in recent years, particularly in relation to the issue of terrorism financing. As one of the largest economies in Africa, Nigeria plays a critical role in the regional and global economic landscape. However, the country also faces challenges related to terrorism and its financial implications. Figure 4 explains the correlation between terrorism financing and economic indexes. It seeks to show the impact of terrorism financing on these vital economic indexes that breed in the light of the current evolving economy. However, these relationships are shown in singularity considering economic exactitude.

### 3.3. Political Economy and Terrorist Financing

The field of political economy focuses on studying the interconnectedness between politics and economics. It delves into how political decisions and policies impact economic activities and outcomes (Acemoglu & Robinson, 2012). This discipline examines the distribution of power, resources, and wealth within society and investigates how different political and economic arrangements can lead to diverse outcomes in terms of growth, development, inequality, and overall well-being (Stiglitz, 2012). Additionally, political economy explores how political factors, such as ideology, interest groups, and power dynamics, influence economic policies and their resulting outcomes (Hall & Soskice, 2001). It also examines the reciprocal relationship, wherein economic factors, such as market structures, trade policies, and economic inequality, can shape political processes and decision-making (Gilpin, 2001).

Nigeria has encountered challenges of political instability and governance, particularly in certain regions like the northeast, which have been affected by the activities of terrorist groups like Boko Haram and its splinter faction, Islamic State West Africa Province (ISWAP). The presence of political instability and weak governance can create an environment that is conducive to terrorist activities and their financing (Obasi, 2017).



**Figure 5. Terrorism financing and political economy roadmap**

*Source: Authors conceptualization*

From Figure 5, the terrorism financing and political economy roadmap elucidates the interconnected chain of relationships between terrorist activities funded through

illicit means and the subsequent disruptive impact of such financing and activities on the political economy.

The relationship between terrorist financing and the Nigerian political economy is evident, although there is a lack of empirical research exploring the extent of this influence and its impact on the political economy. Terrorist activities disrupt the stability of the political economy and create an environment that allows terrorists to generate funds through various means, with kidnapping being a prominent method. Corruption poses a significant challenge in Nigeria and can contribute to terrorist financing by facilitating the movement of illicit funds. Corrupt practices, such as embezzlement, bribery, and money laundering, can undermine efforts to combat terrorist financing (Obi & Dijk, 2018). Nigeria has a substantial informal economy, and informal channels like hawala networks can be exploited for terrorist financing purposes. These networks operate outside the formal financial systems and enable the movement of funds with limited traceability (Obi, 2016).

#### 3.4. Economic Employment and Terrorism Financing

Employment in the economic context pertains to the effective utilization of labor resources within an economy, involving individuals who actively participate in productive endeavors and receive compensation for their work. It serves as a crucial measure to gauge the well-being and operational efficiency of an economy, reflecting the extent of job generation, labor market engagement, and overall economic vitality. In response to terrorism threats, governments may allocate substantial resources to bolster security measures. However, heightened public expenditure on security has the potential to redirect funds from other sectors, thereby potentially impacting employment prospects in those domains (Beasley, 2011).



**Figure 6. One wave link between terrorism financing, and economic employment**

*Source: Author's conceptualization*

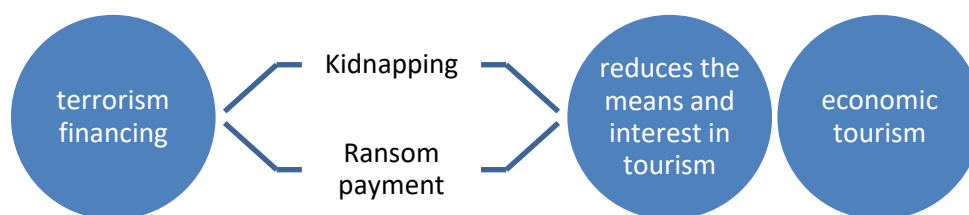
Furthermore, Figure 6 further advances the position of (Beasley, 2011; Levitt, 2019). It diagrammatically reveals the correlation between economic unemployment and terrorism financing in Nigeria considering the massive unemployment confronting



the country. When state and government officers sponsor terrorism with state funds, it denies the youth of employment opportunities due to resource diversion. Certain countries have been accused of providing financial support to terrorist organizations, either directly or indirectly. For example, Iran has faced allegations of providing support to Hezbollah, while Pakistan has faced accusations of supporting various militant groups (Levitt, 2019).

### 3.5. Terrorism Financing and Economic Tourism

Economic tourism involves attracting visitors who contribute to the local economy by spending money on various goods and services, such as accommodation, transportation, dining, shopping, and recreational activities. The goal is to stimulate economic growth, generate employment opportunities, and improve the overall well-being of the local community.



**Figure 7. Connecting cycles between economic tourism and terrorism funding**

*Source: Authors conceptualization*

The diagram shown in Figure 7 illustrates the indirect relationship between economic tourism and terrorism financing. It highlights that there is a connection between these two elements, though not a direct one. When terrorists obtain funds through financing, they tend to engage in more activities, particularly kidnapping, which in turn leads to a decline in tourism. As a result, this reduction in tourist activity further diminishes economic income in the affected regions.

The impact of terrorism financing on the tourism sector can be particularly pronounced. Concerns over security and safety can result in a decline in tourist activity, leading to workforce reductions and diminished employment opportunities in associated industries such as hospitality and travel services (World Tourism Organization, 2017). However, to date, no empirical study has been conducted to establish a direct correlation between terrorist financing and the tourism industry.

A study conducted by Necmettin and Mehmet (2019) reveals that the degree of severity of terrorism has distorting effects on tourists' preferences, while the frequency of degree does not have the same impact. Furthermore, the study finds that the distorting effects of terrorism are more significant for domestic tourists

compared to foreign tourists. Control variables such as income levels and exchange rates are identified as more influential determinants for foreign demand rather than domestic demand. Lastly, there are robust and positive spatial effects on the preferences of foreign tourists toward tourism destinations in Turkey.

### 3.6. Economic investment and terrorism financing

Economic investment refers to the allocation of financial resources, capital, or funds towards projects, assets, or ventures with the expectation of generating a return or creating economic value in the future. It involves committing money or resources in the present in order to generate income, profit, or other economic benefits over a specified period of time.

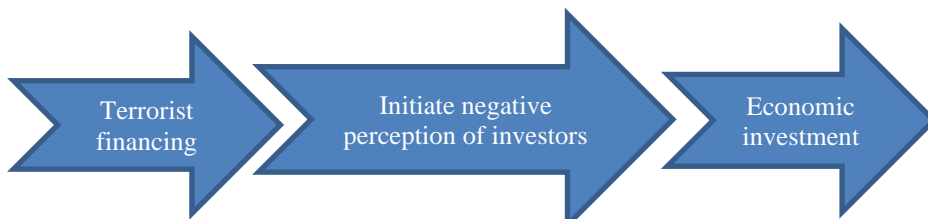


Figure 8. Economic investment and terrorism financing rectangle

Source: Authors conceptualization

In Figure 8, the rectangle representing “economic investment and terrorism financing” highlights the different components of investment that could potentially be influenced by terrorism financing at both the national and individual levels. The diagram suggests that terrorism financing may have implications for various aspects of economic investment, impacting them on a broader scale and affecting individual investment decisions as well.

Terrorism and associated financing can disrupt economic activities and infrastructure, affecting the business environment. Attacks on critical infrastructure, such as transportation networks or key industries, can deter investment and hinder economic growth (Bjelopera et al. 2013). Governments and businesses may incur additional expenses in enhancing security measures in response to terrorism threats. These increased costs can divert funds away from productive economic investment, reducing available resources for other sectors (Beasley, 2011).



**Figure 9. Investment perception arrows**

*Source: Author's conceptualization*

In Figure 9, the arrows representing “investment perceptions” illustrate the negative effects of terrorism financing on the mental outlook and perspectives of both current and potential future investors regarding investing in a specific country. These arrows indicate that terrorism financing can lead to mental discouragement and create a wrong perception among investors about the risks and potential returns of investing in that particular nation. As a result, some investors may choose to avoid investing in such countries, and their negative experiences or perceptions may further discourage their colleagues or other potential investors from considering investments in the same nation and its environment. This cycle of negative perceptions and discouragement can have a significant impact on the overall investment climate in that country.

Terrorism financing can contribute to a negative investor’s perception of the business environment in affected regions. This perception may deter potential investors, leading to a decline in economic investment opportunities (Narayan et al. 2011). Terrorism activities seem to have more direct implications and impact on economic investment when compared to terrorist financing. No known study had established the depth of effect on economic investment because of economic activities.

### **3.7. Economic Relations and Terrorist Funding**

Economic relations encompass a wide range of interactions and transactions within the context of economic activities involving individuals, businesses, organizations, and countries. While the relationship between economic relations and terrorist funding is complex and multifaceted, certain economic factors and dynamics can potentially influence terrorist financing in various ways. Several key points shed light on this issue:

First, the existence of informal economies in regions with weak governance and limited economic opportunities can create fertile ground for terrorist groups to exploit. These groups may leverage informal networks for fundraising activities,

such as extortion, smuggling, or illicit trade. The presence of informal economies provides an environment conducive to terrorist financing (UNODC, 2016).

Second, economic relations between states can impact terrorist financing, particularly when certain governments provide financial support or resources to terrorist organizations. State sponsorship can take the form of direct funding, arms supply, or facilitation of illicit financial transactions. Economic and political ties between states can influence the level of state-sponsored terrorism financing (Foreign Affairs, 2018).

Moreover, global economic relations and the interconnectedness of financial systems play a role in the movement and laundering of funds used for terrorist activities. Terrorist organizations exploit gaps in regulatory frameworks, cross-border transactions, and international financial networks to transfer and disguise funds. Strengthening international cooperation and implementing robust financial regulations are crucial in combating terrorist financing (Financial Action Task Force, n.d.).

On the contrary, international efforts to combat terrorist financing, including the use of financial sanctions by the United Nations Security Council (2018), can restrict the flow of funds to terrorist groups. Economic relations between countries play a significant role in implementing and enforcing these measures, aiming to disrupt the financial networks used by terrorists.

### **3.8. Economic policy and terrorism financing**

Economic policy refers to the actions and measures implemented by governments or central banks to shape and influence the performance and behavior of an economy. These policies are designed to address various economic objectives, such as promoting economic growth, controlling inflation, reducing unemployment, stabilizing financial markets, and achieving social welfare goals. Economic policies can encompass fiscal policy, monetary policy, trade policy, regulatory policy, and other interventions aimed at shaping the overall economic landscape. Effective economic policies can help disrupt terrorism financing networks. Strengthening financial intelligence units, implementing anti-money laundering measures, and promoting international cooperation is essential to combat terrorism financing (Financial Action Task Force, 2019).

### **3.9. Economic program and terrorism financing**

The economic program is also very significant. Weak economic conditions, such as high unemployment, poverty, and income inequality, can create grievances and frustrations that may be exploited by terrorist groups for recruitment and fundraising (International Monetary Fund, 2018). Economic programs that focus on poverty reduction, job creation, and inclusive growth can help address these underlying conditions that terrorists may exploit (Böhmelt & Freytag, 2014). Economic programs that promote transparency, financial integrity, and robust anti-money laundering measures can help reduce the vulnerabilities terrorists exploit for financing (Financial Action Task Force, 2021). Improving the effectiveness of financial systems and strengthening regulatory frameworks can minimize the misuse of formal and informal financial channels by terrorists (United Nations Office on Drugs and Crime, 2018). Economic programs that enhance revenue generation, such as through taxation and resource management, can reduce a government's reliance on external sources of funding, which could indirectly impact terrorism financing (Berrebi & Ostwald, 2013). Stable and diversified revenue streams can reduce the vulnerabilities of a state's financial system to illicit activities, including terrorism financing. Regional economic integration programs can enhance economic stability and cooperation, reducing the potential for economic disparities that terrorists exploit (Maggioni & Péridy, 2016).

### **3.10. Economic interest rate and terrorism financing**

Lower interest rates can incentivize individuals and organizations to utilize formal financial channels rather than engage in illicit activities, including terrorism financing. When formal financial channels are accessible and affordable, there is a reduced likelihood of individuals turning to alternative methods to finance terrorism. Economic stability and favorable interest rates can attract investment and promote economic growth. A stable and prosperous economy can contribute to reducing the grievances and vulnerabilities that terrorists may exploit for financing purposes. Terrorist organizations require financial resources to carry out their activities, including recruitment, training, and planning of attacks (Brzoska, 2015; Engelke & Leuschner, 2014; International Monetary Fund, 2018; United Nations Office on Drugs and Crime, 2018). These organizations often rely on a variety of funding sources, such as state sponsorship, illicit activities (such as drug trafficking and smuggling), extortion, donations, and even legitimate business ventures. The cost of financing terrorist activities may be affected by interest rates indirectly, through the broader economic environment. Interest rates play a significant role in shaping the macroeconomic environment.

Furthermore, higher interest rates can lead to reduced economic growth, increased borrowing costs, and decreased investment. These factors can impact both legitimate and illicit economic activities, including those related to terrorism financing. For example, higher borrowing costs may make it more difficult for terrorist organizations to secure loans or funding from formal financial institutions (Brzoska, 2015; Engelke & Leuschner, 2014; International Monetary Fund, 2018; United Nations Office on Drugs and Crime, 2018). Efforts to counter terrorism financing often involve enhancing financial inclusion and promoting transparency in financial systems. Lower interest rates can incentivize individuals and organizations to engage with formal financial systems, making transactions more visible and potentially deterring illicit activities, including terrorism financing. Access to formal financial services can also provide individuals with alternative economic opportunities, potentially reducing their vulnerability to terrorist recruitment (Brzoska, 2015; International Monetary Fund, 2018; United Nations Office on Drugs and Crime, 2018; Engelke, & Leuschner 2014). However, there is yet to be a known prior study that reveal the correlation between terrorism financing and interest rate in Nigeria.

### **3.11. Economic Exchange Rate and Terrorism Financing**

Fluctuations in exchange rates can affect the value of remittances sent by individuals abroad, which can indirectly influence the availability of funds for illicit activities (Kuschminder & Siegel, 2019). Terrorist organizations may exploit remittance channels for money transfers, but it is important to note that most remittances are legitimate and used for personal and family support. Exchange rate fluctuations can be utilized in money laundering strategies to obscure the origin and movement of funds (Hakala et al., 2014). Differences in exchange rates between countries can be exploited to convert currencies and manipulate financial transactions (Chen et al., 2019). Terrorist groups employ diverse funding sources, including illicit activities such as smuggling, drug trafficking, and fraud (Unger et al., 2014). Weakened local currencies resulting from unfavorable exchange rates can impact the profitability of these illicit activities, potentially affecting terrorism financing (Russo & Kharabsheh, 2019). Exchange rates play a role in the hawala system, an informal money transfer system prevalent in many regions (Rudra & Sengupta, 2019). Individuals involved in terrorism financing may manipulate exchange rates within the hawala system to obscure the movement of funds.

In Nigeria, Fluctuations in exchange rates can affect the value of remittances sent to Nigeria from abroad, potentially impacting the availability of funds for illicit

activities, including terrorism financing (Ibeakanma, 2018). Remittances play a significant role in the Nigerian economy, and terrorist organizations may exploit remittance channels for money transfers (Adepoju, 2015). Exchange rate fluctuations can be utilized in money laundering strategies to disguise the origin and movement of funds related to terrorism financing (Ibeakanma, 2018). Terrorist financiers may exploit differences in exchange rates between countries to convert currencies and conduct financial transactions to obscure the trail of money (Adepoju, 2015). Economic factors, including exchange rate fluctuations, can impact the profitability of illicit activities that terrorist groups may engage in, such as smuggling, fraud, and money laundering (Ibeakanma, 2018). Unfavorable exchange rate conditions may affect the profitability of these illicit activities and subsequently influence terrorism financing. Government policies and regulations regarding exchange rates and cross-border financial transactions play a crucial role in combating terrorism financing (Ezeoha et al., 2019).

### **3.12. Economic Poverty and Terrorism Financing**

There are different approaches to measuring economic poverty, such as the absolute poverty line and the relative poverty line. The absolute poverty line sets a threshold below which individuals or households are considered to be in poverty, regardless of the overall income distribution in society. The relative poverty line, on the other hand, compares an individual or household's income or consumption to the average income or consumption in society, considering the relative deprivation experienced by individuals. Economic conditions can create an environment conducive to terrorism financing. High levels of poverty, unemployment, and income inequality can fuel grievances and provide opportunities for terrorist organizations to exploit vulnerable populations. A study by Folarin et al. (2019) found a positive relationship between poverty and terrorism in Nigeria, indicating that economic factors play a role in facilitating terrorism. Economic poverty and limited economic opportunities can create grievances and frustrations among marginalized individuals and communities, making them susceptible to recruitment and involvement in terrorist activities (Obayelu et al., 2017).

Terrorist groups may exploit economic hardships to recruit individuals who are desperate for financial support or who seek empowerment and social status (Shuaib & Adisa, 2017). Economic poverty and limited access to formal financial services can lead individuals to rely on informal financial systems, which may be more susceptible to exploitation by terrorists for money laundering and financing purposes (Sani et al. 2020). Informal financial channels, such as hawala networks, can facilitate illicit financial transactions and obscure the flow of funds, making it

challenging to trace and prevent terrorism financing (Ibrahim & Ayodeji, 2018). Addressing economic poverty through inclusive and sustainable development initiatives can help reduce the vulnerability of individuals and communities to terrorism financing (Mai-Bornu & Ogwuche, 2017). Enhancing access to education, healthcare, job opportunities, and social services can contribute to poverty reduction and create an environment less conducive to terrorism financing (Olaniyi, 2016).

### **3.13. Economic Peace, and Terrorism Financing**

“Economic peace” refers to a state of economic stability, cooperation, and prosperity among nations or within a specific region. It involves the absence of economic conflicts, trade disputes, and economic barriers, as well as the presence of mutually beneficial economic relationships and partnerships. Economic development and prosperity can contribute to reducing the risk of terrorism financing. Countries with strong economies and higher levels of per capita income tend to have lower instances of terrorism financing. Higher levels of economic development provide individuals with better opportunities for legitimate employment, reducing their susceptibility to engaging in or supporting terrorism financing activities (Krueger & Malečková, 2003). Economic poverty and inequality can create conditions that make individuals and communities more vulnerable to engaging in or supporting terrorism financing (Abadie, 2006). Poverty may lead individuals to seek alternative means of income, making them susceptible to involvement in illicit activities, including terrorism financing. Sound economic policies that promote inclusive growth, reduce income disparities, and provide opportunities for economic participation can help in minimizing the conditions conducive to terrorism financing (Kaplan & Reuveny, 2005).

Economic prosperity and development in a region or country have been linked to a reduced appeal of terrorism financing. When individuals have access to economic opportunities, education, and improved living standards, they are less likely to engage in or support terrorist activities (International Monetary Fund, 2019). Additionally, fostering economic peace through initiatives like economic cooperation and trade agreements between nations can enhance stability and diminish incentives for resorting to terrorism financing. Such measures promote economic interdependence and discourage countries from supporting terrorist groups within or across borders (Dreher & Fischer, 2020). Moreover, implementing economic sanctions against terrorist organizations and their financiers can disrupt their funding sources and hinder their ability to carry out attacks. By targeting financial assets and transactions, these measures can significantly impact terrorist



financing networks (Gries et al. 2019). Acknowledging that poverty and economic disparities can create conditions conducive to terrorism financing, addressing economic inequalities and promoting social inclusion may play a vital role in reducing the appeal of extremist ideologies and terrorist recruitment (Vollaard, 2018).

### **3.14. Economic Mobility and Terrorism Financing**

Socio-economic development initiatives, including those that foster economic mobility, play a crucial role in diminishing the conditions that promote terrorism financing. Policies and programs aimed at enhancing education, skill development, job creation, and social services can bolster economic mobility, creating an environment less susceptible to terrorism financing (Ferrero, 2019). Blomberg and Hess (2008) conducted a study examining the income elasticity of terrorist donations, providing valuable insights into how changes in income levels may influence financial support for terrorism. Though not directly related to economic mobility, their research offers potential connections between income and terrorism financing. Higher levels of economic mobility can grant individuals increased access to economic opportunities, such as education, employment, and entrepreneurship, thus reducing their susceptibility to terrorism financing (Alvi & Mumtaz, 2018). Empowering individuals with the means to improve their economic circumstances and access legitimate income sources decreases the likelihood of engaging in illegal activities, including financing terrorism (Alvi & Mumtaz, 2018).

In the Nigerian context, promoting higher levels of economic mobility can contribute to reducing vulnerability to engaging in or supporting terrorism financing. Economic mobility grants individuals enhanced access to economic opportunities, such as education, employment, and entrepreneurship, thereby lessening their susceptibility to illicit activities, including terrorism financing (Alvi & Mumtaz, 2018). Moreover, implementing policies and programs to bolster economic mobility, such as enhancing education, skill development, job creation, and social services, can aid in poverty reduction and create an environment less conducive to terrorism financing (Ferrero, 2019). By focusing on socio-economic development initiatives aimed at bolstering economic mobility, societies can address the fundamental causes of terrorism financing and promote inclusive and sustainable growth (Mai-Bornu & Ogwuche, 2017).

### **3.15. Economic Revenue and Terrorism Financing**

Terrorist organizations employ various revenue sources, such as illicit trade, smuggling, extortion, kidnapping for ransom, and illicit taxation, to finance their

activities (Financial Action Task Force, 2019). Regions or industries with high economic revenue often attract criminal and terrorist networks seeking to exploit economic opportunities for funding (Iqbal & Mian, 2017). Economic vulnerabilities, including weak financial regulations, corruption, and informal economies, create an environment conducive to terrorism financing (Sandler, 2011). In countries or regions with lower economic development, income disparities, and poverty, susceptibility to terrorism financing may be higher due to limited resources and opportunities (Ranjan, 2011). International efforts to disrupt terrorism financing focus on identifying and targeting the financial networks that facilitate revenue generation for terrorist organizations (United Nations Security Council, 2020). Strengthening financial regulations, promoting transparency, and improving information sharing among law enforcement and intelligence agencies are critical measures to mitigate the flow of funds to terrorist groups (Global Counterterrorism Forum, 2013).

In Nigeria, terrorist organizations like Boko Haram have exploited economic revenue sources to fund their activities, which include kidnapping for ransom, extortion, illegal taxation, and involvement in illicit trade and smuggling (Uzodike & Obasi, 2016; Obasi, 2018). Additionally, criminal and terrorist networks in the Niger Delta region have been known to engage in oil theft and illegal oil bunkering to generate revenue (Igbinedion & Ekhatior, 2016). Economic factors, such as poverty, unemployment, and economic inequality, contribute to the vulnerability of individuals to engage in or support terrorism financing in Nigeria (Olaniyi, 2016; Mai-Bornu & Ogwuche, 2017). Weak economic conditions and limited opportunities can make individuals more susceptible to joining or providing financial support to terrorist organizations (Onuoha, 2014).

### **3.16. Economic Trade (Domestic) and Terrorism Financing**

Domestic trade, encompassing both formal and informal sectors, can serve as a financing source for terrorist organizations. These groups may engage in activities like extortion, smuggling, money laundering, and illicit trade within domestic markets to generate funds (Financial Action Task Force, 2015; United Nations Security Council, 2018). Informal economies, characterized by unregulated and undocumented transactions, offer opportunities for terrorism financing. Terrorist organizations may exploit the lack of oversight in informal markets to conduct illicit activities and raise funds (Global Initiative Against Transnational Organized Crime, 2014). To combat terrorism financing within domestic trade, it is imperative to strengthen financial controls, including regulatory frameworks, monitoring

mechanisms, and information sharing among financial institutions and law enforcement agencies (United Nations Office on Drugs and Crime, 2021). Enhancing transparency, promoting the formalization of the economy, and improving governance practices can help reduce the vulnerabilities terrorists exploit in domestic trade (Financial Action Task Force, 2015).

In Nigeria, the significant informal economy provides opportunities for terrorist organizations, such as Boko Haram, to exploit for financing (Global Initiative Against Transnational Organized Crime, 2014). The informal trade sector, operating outside formal regulatory frameworks, may facilitate illicit activities, including smuggling and money laundering, which can contribute to terrorism financing (United Nations Office on Drugs and Crime, 2018). Nigeria's porous borders and extensive trade routes may be susceptible to exploitation by terrorist networks for illicit trade, including the smuggling of goods, weapons, and contraband, thus generating funds for their activities (Adejumobi, 2012). Strengthening border controls, enhancing customs enforcement, and improving intelligence sharing among security agencies are vital measures to address the potential link between domestic trade and terrorism financing (Agbibo, 2013).

### **3.17. Economic Trade (Foreign) and Terrorism Financing**

Terrorist organizations resort to both legal and illegal channels of foreign trade to generate funds for their activities. Activities like smuggling, trade-based money laundering, and the distribution of counterfeit goods can be exploited by terrorists to finance their operations (Financial Action Task Force, 2019; United Nations Security Council, 2019). Informal and illicit trade networks present opportunities for terrorists to engage in trade-based financing, involving the smuggling of goods, arms, and drugs, as well as laundering funds through international trade transactions (United Nations Office on Drugs and Crime, 2021; Financial Action Task Force, 2018). Countering terrorism financing through foreign trade necessitates enhancing trade controls, including customs enforcement, border security, and regulatory frameworks (United Nations Office on Drugs and Crime, 2021). Additionally, international cooperation and information sharing among countries are vital for identifying and disrupting illicit trade networks used by terrorists for financing (Financial Action Task Force, 2019).

In Nigeria, extensive foreign trade networks are susceptible to exploitation by terrorist organizations for financing their activities. Terrorists may employ illicit activities such as smuggling, trade-based money laundering, and counterfeit goods to generate funds (Global Initiative Against Transnational Organized Crime, 2014;

United Nations Security Council, 2014). The country's porous borders and widespread informal trade networks provide opportunities for terrorists to engage in trade-based financing, utilizing the smuggling of goods, arms, and drugs, as well as fund laundering through foreign trade transactions (Global Initiative Against Transnational Organized Crime, 2014).

### **3.18. Economic Import and Terrorism Financing**

Extremist groups can capitalize on the import process to clandestinely smuggle illegal goods, including arms, narcotics, and counterfeit items, as a means to generate funds for their activities. Imports offer an avenue for terrorists to cloak their financial dealings and transport illicit funds across borders (Global Financial Integrity, 2017). Trade-based money laundering involves leveraging legitimate trade transactions to facilitate the movement of illegal funds and obfuscate their true origin and purpose. Terrorist organizations may manipulate import transactions as part of trade-based money laundering operations (United Nations Office on Drugs and Crime, 2018). To thwart the infiltration of illicit goods and funds that could fuel terrorism financing, it is essential to fortify import controls, customs enforcement, and border security measures (World Customs Organization, 2020). Effective countermeasures also necessitate bolstering international cooperation and information sharing among nations to combat terrorism financing via imports (Financial Action Task Force, 2012).

In Nigeria, the country's extensive import activities present potential opportunities for terrorist organizations to exploit the import process and acquire funds for their operations. Illegal goods, such as weaponry, narcotics, and counterfeit items, could conceivably be illicitly brought into Nigeria through imports, contributing to terrorism financing (Global Financial Integrity, 2017). Trade-based money laundering is a matter of concern in Nigeria, involving the misappropriation of imports to facilitate the movement of illegal funds while masking their origin and intentions. Nigerian terrorist groups may manipulate import transactions as part of their trade-based money laundering schemes (United Nations Office on Drugs and Crime, 2018).

### **3.19. Economic Export and Terrorist Financing**

Insurgent groups may adventure the export process to generate funds for their activities. Illicit practices such as contraband smuggling, trade-based money laundering, or the trafficking of counterfeit goods can be utilized by terrorists to acquire funds through exports (Financial Action Task Force, 2018). Trade wrong

invoicing, which involves intentionally misrepresenting the value or quantity of exports, can be employed to transfer illicit funds and facilitate terrorism financing. Terrorist organizations may manipulate export transactions to mask the origin or purpose of funds (Global Financial Integrity, 2020).

In Nigeria, the substantial informal trade sector, encompassing activities such as smuggling and illicit trade, presents challenges in tracking financial transactions and potentially aids terrorism financing. Terrorist groups may capitalize on these unofficial channels to fund their operations, including smuggling contraband goods and diverting legitimate exports (United Nations Office on Drugs and Crime, 2017). Nigeria's abundant natural resources, notably oil, significantly influence its economy. However, conflicts related to resource exploitation, particularly in regions like the Niger Delta, have been associated with terrorism financing. Insurgent groups have engaged in activities like pipeline vandalism and oil theft to finance their operations, indirectly affecting legitimate exports (Adetula, 2014).

Export-oriented businesses in Nigeria could also be vulnerable to money laundering schemes, where the proceeds of illicit activities are mingled with legitimate export revenues, obscuring the distinction between lawful and unlawful transactions and facilitating terrorism financing. Nigeria's financial systems have encountered challenges, including inadequate regulation, weak oversight, and limited capacity to detect and prevent illicit financial flows. These weaknesses create opportunities for terrorism financing, as funds can be transferred through the banking system or alternative remittance networks without arousing suspicion. The limited ability to track financial transactions and enforce regulations contributes to the financing of terrorist activities (Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), 2020).

### **3.20. Economic Production (Industry) and Terrorism Financing**

In regions where natural resources are extracted, such as oil, gas, minerals, or timber, terrorist organizations may exploit the lucrative nature of these industries to finance their activities. They may extort funds from companies involved in resource extraction, engage in illegal mining or logging, or control and tax the supply chains. This revenue can then be used to fund terrorism (Global Witness, 2016). Terrorist groups sometimes gain control over production facilities or agricultural lands, allowing them to generate revenue through direct involvement in production activities. For instance, they may seize control of agricultural farms, impose taxes on farmers, or engage in drug cultivation or trafficking (United Nations Office on Drugs and Crime (UNODC). (2016). Terrorist organizations often employ extortion tactics,

targeting businesses, producers, and entrepreneurs for financial gain. They may demand protection money in exchange for ensuring the safety of production facilities, transportation routes, or supply chains. Failure to comply with these demands can result in violence or disruption of production, affecting the economy and potentially leading to funds flowing to terrorist groups (United Nations Security Council, 2015). The production and sale of counterfeit goods, including counterfeit pharmaceuticals, luxury items, and consumer products, can generate substantial profits for terrorist organizations. They may establish illicit production facilities or engage in smuggling counterfeit goods across borders, using the proceeds to finance their activities (Organization for Economic Cooperation and Development, 2019).

### **3.21. Economic Production (Agriculture) and Terrorism Financing**

Terrorist groups may employ extortion and demand protection money from farmers, landowners, or agribusinesses. This coercive tactic extracts funds from those involved in agricultural production, ultimately contributing to terrorism financing (World Bank, 2018). Additionally, these organizations may exploit the agricultural sector for illicit activities such as cultivating illicit crops (e.g., poppy, coca, cannabis) or producing drugs. The profits generated from these illegal activities can then be channeled to finance terrorist operations (United Nations Office on Drugs and Crime, 2021).

Terrorist groups may further exploit agricultural supply chains, engaging in the smuggling and trade of agricultural commodities to generate funds. This may involve illicit cross-border trade, tax evasion, or the diversion of legitimate agricultural products for profit (United Nations Security Council, 2014). Moreover, the agricultural sector often intersects with natural resource exploitation, such as timber, minerals, or land. Terrorist organizations may exploit and control these resources, engaging in illegal activities like illegal logging or mining, and utilizing the proceeds to finance their operations (United Nations Security Council, 2016).

It is important to note that in Nigeria, there is no known empirical evidence indicating that terrorists are directly involved in agriculture to raise funds. Instead, there are several indications that their activities adversely affect agricultural practices in Nigeria. Etannibi's (2018) work focused on the implications of terrorist activities on food security in Nigeria.

### **3.22. Economic Expenditure and Terrorism Financial**

Money laundering and trade-based schemes are utilized to obscure the source and movement of funds. Economic expenditures, particularly trade transactions, can be manipulated to facilitate terrorism financing by disguising illicit funds (Financial Action Task Force (FATF), 2018). Moreover, terrorist organizations may exploit seemingly legitimate economic activities, such as businesses, smuggling networks, or trade routes, to generate funds. The economic expenditures associated with these activities can contribute to terrorism financing (Global Initiative Against Transnational Organized Crime, 2019).

Terrorism financing can exploit informal money transfers, like hawala or hundi, where illicit funds can be concealed within legitimate economic expenditures, including remittances, complicating the tracing of money flow (Financial Action Task Force, 2019). Additionally, charitable donations and non-profit organizations can be manipulated by terrorist groups as channels for financing. Economic expenditures through charitable giving may be diverted to fund terrorism (United Nations Security Council, 2018).

### **3.23. Economic Unity and terrorism financing**

Social cohesion and unity within communities can play a role in countering terrorism financing. When communities are united and have strong bonds, they may be more resilient to the influence and recruitment efforts of terrorist groups. This can disrupt the channels of financing available to these groups (United Nations Office on Drugs and Crime, 2015). International unity and cooperation among nations play a crucial role in disrupting terrorism financing networks. Collaboration in intelligence sharing, financial investigations, and the implementation of anti-money laundering measures can help identify and disrupt the flow of funds that support terrorism (Financial Action Task Force, 2020). Furthermore, International organizations and initiatives promote unity and collaboration among nations to combat terrorism financing. These efforts aim to strengthen cooperation, enhance information sharing, and develop effective policies and strategies to disrupt the financial networks of terrorist organizations (United Nations Security Council, 2019).

#### **4. Conclusion and Recommendations**

Terrorist financing poses a significant threat to the Nigerian economy and national security. Terrorist organizations exploit various avenues, including informal money transfers, charitable donations, money laundering, and legitimate economic activities, to generate funds for their nefarious activities. These illicit practices can undermine the stability and growth of the Nigerian economy and hinder efforts to combat terrorism effectively.

Based on an extensive literature review (AMLA, 2023; Ana, 2020; FAFT, 2022; Kangdim et al., 2020; Paul et al., 2021; Plangshak & Peter, 2021; Toyin et al., 2022; Valeriia & Oleg, 2021; Vesna, 2021; Uzoma et al., 2022), this study concludes that the strength of terrorist activities is closely linked to the ease with which terrorists secure funding for their operations. In nations like Nigeria, terrorists thrive when they can access funds without encountering significant resistance or generate resources independently, with or without government intervention. Additionally, the literature reveals that terrorist financing negatively impacts certain economic indicators in Nigeria, such as unemployment, investment, and poverty rates. Some economic factors provide avenues for terrorists to raise funds and, therefore, warrant close regulation. However, these factors appear to be loosely controlled in Nigeria, creating an environment conducive for terrorists to generate funds. The income derived from economic exports and imports also serves as a revenue stream for terrorists in Nigeria. Notably, engaging in illicit imports allows several potential terrorist groups to evolve into active terrorism when the necessary resources become available to them (United Nations Office on Drugs and Crime, 2018).

The Nigerian economy faces considerable challenges related to terrorism financing. Informal money transfers, such as hawala and hundi, serve as a means for terrorists to obscure the flow of illicit funds within legitimate economic transactions. Charitable donations and non-profit organizations are exploited by terrorist groups to divert funds for their activities. Money laundering and trade-based schemes further complicate the tracing of illicit funds, making it challenging to disrupt terrorism financing. Additionally, terrorists exploit legitimate economic activities, such as businesses, smuggling networks, and trade routes, to generate funds, thereby adversely affecting the overall economic stability and security of Nigeria. But notoriously is the ransom paid by the kidnapped victim and probably state sponsorship.

The fact that there had been an increase in terrorist activities in Nigeria might be an indication that terrorist in Nigeria is receiving more funding for their activities in



Nigeria. Measures should be developed to curtail the various financial stream of terrorist groups in Nigeria.

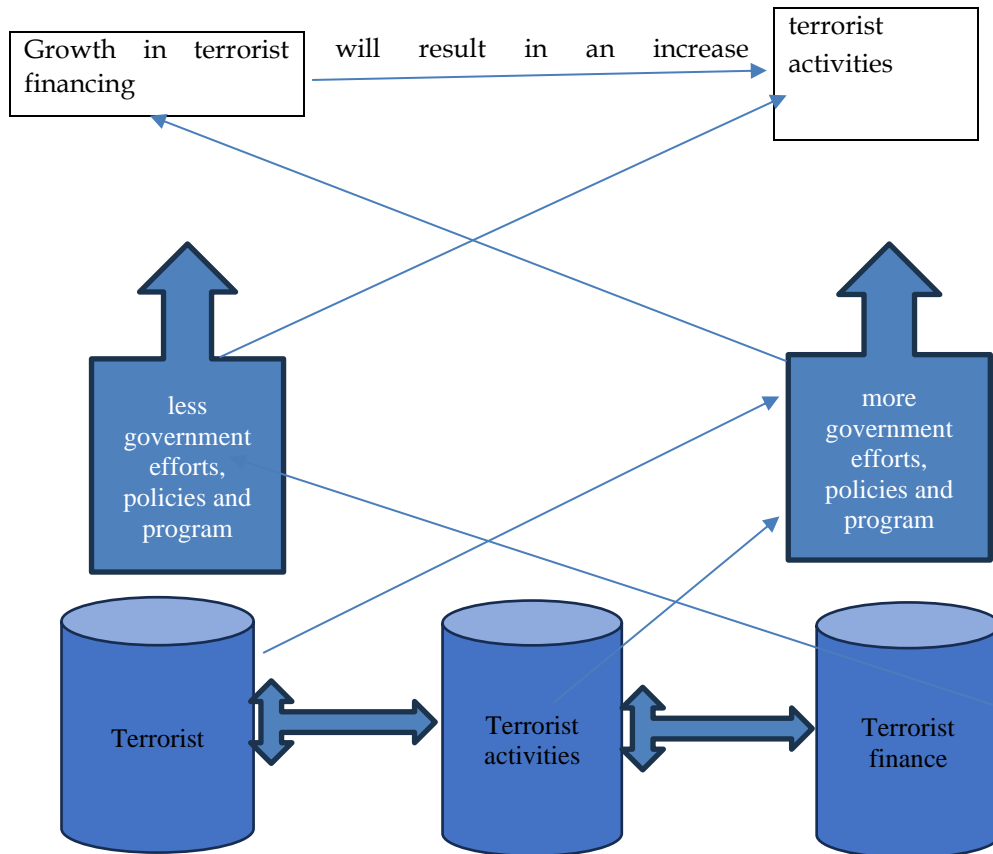


Figure 10 Counter-terrorism financing prioritization

Source: Authors conceptualization

Significant government programs and policies should be focused on curtailing terrorism financing, while less effort should be directed toward combating terrorist activities. However, if certain activities, such as kidnapping, serve as a major revenue-generating stream for terrorists, considerable efforts should be dedicated to tackling and eradicating such activities. This is exemplified in Fig 3.1 'Counter-terrorism financing prioritization'. Kidnapping poses a double threat in the hands of terrorists due to its multiplier effect. While it generates revenue for the terrorists, it also adversely affects the standard of living of the kidnapped victims, hampers

economic investments, and perpetuates economic poverty in households and the national economy as a whole.

**Strengthen Regulatory Frameworks:** Nigeria should enhance its regulatory frameworks to address informal money transfers and implement stricter oversight of charitable organizations. Robust anti-money laundering measures must be in place to curb the flow of illicit funds.

**Improve Intelligence and Information Sharing:** Enhancing intelligence gathering and information sharing among law enforcement and financial institutions can aid in identifying and disrupting terrorist financing networks.

**Promote Financial Inclusion:** Encouraging formal financial services and promoting financial inclusion can limit the reliance on informal money transfers and improve transparency in financial transactions.

**Monitor Trade Activities:** Implementing stronger monitoring mechanisms for trade activities can help identify and prevent trade-based money laundering schemes.

**Enhance Border Security:** Strengthening border security measures can help curb the smuggling of illicit goods and funds across borders.

**Collaborate Internationally:** Nigeria should strengthen international cooperation with other countries and relevant organizations to combat cross-border terrorism financing effectively.

**Raise Public Awareness:** Educating the public about the dangers of supporting terrorist activities and the importance of reporting suspicious financial transactions can help create a united front against terrorism financing.

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