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Wesseling, M.; de Goede, M.

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Executive Summary

Counter Terrorism Financing Policies in The Netherlands: Effectiveness and Effects

(2013-2016)

Dr. Mara Wesseling
Prof. dr. Marieke de Goede
University of Amsterdam

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Executive Summary

Counter-Terrorism Financing Policies in The Netherlands.

Effectiveness and Effects (2013-2016)

Since the 9/11 attacks, an extensive international policy framework has been designed to combat the financing of terrorism (counter terrorism-financing, or CTF). Central to these efforts are the measures and country evaluations of the Financial Action Task Force (FATF). However, international, European and national policies on this matter are complex and fragmented. In recent years, it has proven difficult for various reasons to gain a comprehensive insight into the effectiveness of CTF policy. This is partly due to the ever-changing character of the phenomenon of terrorism financing, and partly because of the wide range of public and private actors involved in the fight against TF. The main explanation for the lack of overview into effectiveness of CTF are the methodological challenges that come with measuring effectiveness of this policy. Our starting point is that the complexity of determining the effectiveness of CTF policies must be explicitly recognized.

The **objective** of this report is to offer a broad overview of the activities, initiatives, and cooperation platforms in the Dutch landscape of CTF. We offer insight into the numbers of abnormal transactions reports, court cases, freezing orders etc. The **central question** of the report is:

What activities did the actors in the policy and law enforcement network of combating terrorist financing develop in the period 2013-2016, and how do these activities relate to the FATF objectives?

We adopted an international and reflective approach towards the research question. In this study we distinguish between output, outcome and impact effectiveness. Of these three forms of effectiveness, measuring impact is by far the most difficult. Moreover, this distinction does not yet sufficiently take into account policy (side)-effects.

We investigated our central question on the basis of Pawson and Tilley concept of a '**realist evaluation**.' This implies a shift in perspective: the aim of the report is not so much to *measure* effectiveness, but rather to map the work of the actors involved, and their own understandings of effectiveness. We do not evaluate *whether* policy works, but *how* policy works. We do this by mapping the developments and priorities that have taken place between 2013 and 2016 in the entire policy and law enforcement network regarding CTF in the Netherlands. We investigate the actors, the information flows and protocols they have developed in CTF. We analyse the forms of coordination and cooperation between the links within the Dutch CTF network. In addition, we analyse how actors *themselves* think about effectiveness, and we show how different concepts of effectiveness lead to different interests and priorities. In addition to questions regarding effectiveness, this report also

focuses on the broader (side) *effects*. After all, (side)effects have relevance for the effectiveness and the legitimacy of the CFT policy. This report explicitly addresses the questions that can be asked about the potentially broad, societal effects of CTF.

The objective of the study is therefore to provide a broad (but not complete) overview of the activities, initiatives and partnerships in the Dutch CFT landscape. We give an overview of numbers of unusual/suspicious transaction reports, court cases, freezing orders, indications etc. The focus is on the **period 2013-2016**, but where relevant we discuss earlier and later initiatives. The landscape of actors with a formal and informal role in the fight against TF in The Netherlands is large and fragmented. Although we aim to give a good overview of this landscape as a whole, most attention in the report goes to a number of key actors in this landscape.

The report provides significant insights into a number of current developments and policy issues, but does not pretend to give a complete overview after 2016. By choosing a qualitative research method, researchers have had to make a number of practical choices in the focus of the report. It has been decided to deal more deeply with a number of key actors (in particular the FEC, DNB, FIU-NL, the FIOD and the Public Prosecution Service). As a result, a number of other actors, such as Customs but also private parties, are only covered to a limited extent or are ultimately left out. Secrecy and confidentiality surrounding the research topic has also led to particular research limitations.

The report consists of **three parts**. The first part (chapters 1-3) further elaborates the research objective and explains the research methods. In the second part (chapters 4 and 5), the main initiatives, priorities and case information of the actors (policy makers, supervisors, operational services) in the Dutch CFT field are mapped. The third part (chapters 6-8) is thematic in nature and further discusses three important themes in the FATF framework: cooperation and information sharing, the risk-oriented approach, and investigation methods.

Based on our 'realist evaluation' approach, we offer conclusions with regard to: (1) the field of actors and the daily practice in which they operate; (2) the methods and daily practices used in CTF; (3) findings in a broader context and with a broader societal relevance.

Part 1 of the report develops the research objectives and explains the research methods.

Chapter 1 discusses the CFT framework that FATF has set up after 9/11, and describes how it has evolved over the past years. In 2012, the FATF framework of recommendations and guidelines was thoroughly revised. In addition to assessing 'technical compliance', a new focus was added measuring the effectiveness of the fight against money laundering, terrorism financing and the proliferation of weapons of mass destruction. The purpose of this is new approach is to gain more insight into whether policy leads to tangible results. The FATF framework consists of a High-Level Objective, subdivided into three Intermediate Outcomes. These Intermediate Outcomes include the pursuit of good cooperation and coordination between policy makers, the enforcement chain, and reporting entities. These goals are further elaborated in eleven Immediate Outcomes. The countries affiliated with FATF (or one

of its regional bodies) are evaluated on the basis of this dual evaluation method that assesses both technical compliance and effectiveness.

Furthermore, the chapter explains **how the current FATF evaluation methodology works in practice**. In the evaluation process, it is the task of countries to demonstrate that the national AML-CFT systems meet the FATF standards and that they are effective. If countries cannot provide evidence, the FATF will assume that the national system is not effective. Yet, defining and measuring effectiveness in this context is difficult. A detailed methodology has been developed to measure effectiveness, but it is still unclear what the FATF considers to be valid evidence. By looking at previous FATF country evaluations, insight can be gained into how the new evaluation methodology has been applied in practice. The analysis of the country evaluations on Immediate Outcomes 9 and 10 - which specifically concern TF - in three European countries shows how different aspects of the policy have been assessed by the FATF. For instance, when points of critique are raised with regard to the implementation of Immediate Outcome 9 (detecting and prosecuting TF), these are placed in a broader context and any mitigating circumstances are also identified. The analysis of Immediate Outcome 10 (preventive measures and financial sanctions against TF) shows what kind of examples a country can use to demonstrate that they meet this objective.

Despite the new evaluation method, **points of critique on the FATF** remain. For example, it is argued that FATF still focuses primarily on 'paper compliance' and that the actual impact of the FATF framework on illicit financing flows remains largely unknown. A distinction can be made between fundamental and methodological critique of the FATF methods. Fundamental critique questions whether the presuppositions that give direction to the FATF policies are the right ones. Fundamental critique can, for example, address: (1) the assumptions about TF on which the policy is based and the agility of the policy framework with regard to new threats; (2) the inclusiveness of the evaluation process - for example the involvement of the private sector and NPOs; (3) the valuing of the specificities of the local context and avoiding a 'one size fits all' approach; (4) the desirability FATF normative judgement on for example judicial decisions.

Methodological critique concerns the evaluation methodology used by FATF. Does an indicator really measure what we want to know? One might ask whether (1) the FATF's objective to evaluate countries in a consistent manner is sufficiently achieved; (2) how valid and reliable FATF's threat assessment is with regard to TF; (3) whether indicators such as the number of prosecutions, provide a valid standard for measuring effectiveness; (4) whether preventive measures and innovative initiatives are sufficiently appreciated in the evaluation.

Chapter 2 provides an overview of the academic literature on measuring effectiveness of counterterrorism policies in general and the fight against terrorism financing in particular. Given the importance of the subject, relatively little scientific research has assessed the effectiveness of counterterrorism. It has been regularly established that measuring effectiveness in this area is a very complex, if not impossible, task. Reliable knowledge on actual forms of terrorism financing and the best way to prevent it, is lacking.

Academic studies provide various definitions and evaluations of effectiveness. One of the obstacles is the design of relevant indicators. A distinction can be made between direct indicators (e.g. number of attacks), indirect indicators (e.g. impact on the economy) and response indicators (e.g. number of suspicious transactions). However, all these indicators are subject to several methodological problems. We distinguish between: problems with validity and reliability, causality problems, attribution problems, quantification and weighting problems and substitution effects.

To overcome these challenges, **we distinguish different types of effectiveness** (1) output effectiveness, (2) outcome effectiveness and (3) impact effectiveness. Output effectiveness refers to the extent to which CFT recommendations and legislation have been implemented (paper compliance). Outcome effectiveness concerns measuring indicators such as the number of frozen assets and suspicious transactions. Impact effectiveness relates to assessing the broader impact of the measures on real world and the occurrence of terrorist attacks.

Our 'realist evaluation' approach focuses more on the policy logic and the assumed effects of CFT policy in the Dutch context. We do not analyse *whether* policy works, but *how* policy works. We do this by mapping what the actors in the CFT field have done in the period 2013-2016. We map and assess the daily CFT practice, and the levels coordination and cooperation in the Dutch network. We also argue that it is important to look at the policy effects that deviate from the assumptions. The broader social side effects of CTF remain (often) underexposed. There are indications, however, that these effects are considerable, and relate to, for example, the compliance costs for the private sector, defensive or excessive reporting of unusual/suspicious transactions, the privacy of citizens and financial exclusion. In this report we raise questions about these (side)effects of CFT policy.

Chapter 3 discusses the research methods and confidentiality issues. The starting point of our research is a practice-based approach. The aim is to map the network of actors in the field of CFT, to outline which protocols and practices actors have developed, how actors themselves think about effectiveness, and to which priorities this leads. We then compare this analysis with the FATF objectives in the field of CFT.

The methods used for the research are: the study of available scientific literature, document analysis (including annual reports, legal texts, etc.), the collection of case information and statistical analysis, in-depth interviews and participant observation. Annex 1 gives an overview of the interviews, annex 2 covers the general 'interview guide' and annex 3 gives an overview of the attended meetings.

Research into sensitive topics such as CFT is inevitably confronted with issues of secrecy and confidentiality. This is partly because certain documents are confidential, and partly because of the reluctance of organizations to communicate about this subject. In this study, the confidentiality issues have led to certain research limitations and delays.

Part 2 of the report analyses the Dutch field of actors in CFT. Chapter 4 provides an overview of **the three Ministries** that play an important role in combating TF – the Ministries of Finance, Foreign Affairs and Justice and Security / the NCTV - and **the six supervising authorities** in this area - DNB, the AFM, the BFT, the BTWwft, the Gaming Authority and the representatives of the Dutch Bar Association. For each actor, a brief overview is given with a number of key facts, the role of the actor within the Dutch context, the initiatives taken by the actor in recent years, and the (inter)national partnerships in which the actor participates. Where possible, concrete cases related to TF have been described. Finally, a number of concluding observations are made for each actor, with regard to the measurement of effectiveness, the relationship between the activities that they have initiated and the FATF recommendations, and (possible) dilemmas of the policy.

The analysis of the role and activities of the supervising authorities shows that the supervision of compliance with the CFT legislation is **complex and fragmented**. Amongst supervision authorities we observe very different levels of urgency and knowledge of CFT. This is partly because the threat of TF is not relevant for all sectors and there is no evidence of concrete cases. Moreover, it is often not possible for regulators to make a distinction between numbers of TF cases and serious crime and / or money laundering. This is because supervision authorities focus on compliance with the relevant legislation, that does not require a distinction between both phenomena but rather requires from reporting professionals and institutions to report unusual transactions based on objective or subjective indicators. However, we establish that all supervising authorities are aware that CFT is part of their formal responsibilities and where legally possible they actively participate in various partnerships in order to exchange information and coordinate interventions.

In chapter 5, the operational actors in CTF are discussed: the AIVD, the FIU-NL, the FIOD, the National Police, the Public Prosecution Service and in brief also the private actors. Again, a concise overview is given per actor with key facts, the role of the actor within the Dutch context, the initiatives taken by the actor in recent years, and the (inter)national partnerships in which the actor participates. Where available, statistical data (particularly from FIU-NL) and court cases (FIOD, OM) are described, to obtain a more detailed insight into the nature of the (possible) TF cases, the initiatives of the actors in this area and their possible effectiveness and effects. A number of concluding observations is also made per operational actor with regard to the measurement of effectiveness, the relationship between their initiatives and the FATF recommendations and (possible) policy dilemmas.

This chapter demonstrates that among the operational actors the focus on CFT has increased in recent years, particularly in response to the situation in Syria and Iraq and the phenomenon ‘foreign fighters’ who have joined the organisation known as the Islamic State (IS) or related extremist organizations. This increased attention has also led to more reports of unusual transactions and more criminal proceedings. In the landscape of operational actors, the rising profile and expanding role of the FIOD in CFT is notable.

The third part of the report is thematic in nature and analyses the relationship between CFT initiatives and a selected number of FATF objectives. An important goal of the FATF framework is the promotion of cooperation and information sharing between actors. **Chapter 6 discusses and analyses six collaboration and information sharing platforms that have been set up in The Netherlands in recent years.** These comprise public-public and public-private partnerships and they range from sharing little or no operational information, to the targeted sharing of operational information on possible suspects. The cooperation platforms we study are: the 'Toezichthouderoverleg' (regular consultation of supervisory authorities), the 'Bevriezingsoverleg' (sanctions committee), the CT Infobox, the FEC project TF, the TF Taskforce and the TF Platform. This chapter maps out the design and operation of these cooperation platforms and discusses some critical questions surrounding them.

The analysis shows that a number of important collaboration platforms have been established in recent years in order to be able to share information faster and more effectively. On the one hand, this fits in with a broader international trend, on the other hand the actors involved in The Netherlands are very active in setting up ways to share information and cooperate, and also seek to play a leading role internationally. The FEC project TF forms a core of the Dutch approach to combating TF. Within the FEC project TF, public partners cooperate and share information. Within the FEC project TF, criminal, administrative and tax information is exchanged and analysed among the participants. Chapter 6 provides an overview of the number of leads and interventions yielded by the FEC Project TF. The TF Taskforce (established in 2017) is also an important platform in the context of CFT. Within the TF Taskforce, four public and five private actors cooperate to share police leads on potential jihadists and foreign fighters. Chapter 6 gives insight into the mode of operation and results of the TF Taskforce.

A number of important points that emerge from this chapter with regard to cooperation platforms in The Netherlands are: (1) the crucial importance of the GAZO principle (No Action Without Consultation) for information exchange within the platforms; (2) a broad recognition of the added value of multidisciplinary cooperation; (3) freeing staff from within their own organization instead of setting up new organizations to reduce costs and bureaucracy and to facilitate access to and control of the internal databases of actors; (4) a shared awareness among public and private actors that cooperation is necessary.

In addition, a number of **critical observations** can be made with regard to the way in which information is shared and cooperation platforms set up. (1) The Dutch cooperation platforms and also the Dutch field of actors involved in combating terrorist financing are characterized by proximity. Although this is of great importance for the trust between the actors and contributes to the effectiveness of the system, it also raises questions about how this close collaboration and familiarity with each other ('s organisations) relates to critical supervision (how to prevention 'group think?'), objective accountability and a clear understanding who can be held responsible and liable for what; (2) Innovative collaborative platforms such as FEC Project TF and the TF Taskforce were initially focused on foreign terrorist fighters. How does this relate to the way the threat develops and are the collaboration platforms sufficiently agile? (3) The FEC, the CT Infobox and the TF Taskforce have all been set up on

the basis of a Covenant. The question is whether the existing Covenants are sufficient to arrange the agreements on cooperation and information exchange, especially now that they increase in scope. Their operational should be evaluated on the basis of the principles of good governance for public-private information sharing as identified by RUSI, including principles for supervision, transparency and redress procedures; (4) Cooperation platforms such as the FEC Project TF and the TF Taskforce have so far had very limited public reporting. Extending and ensuring the legal basis of these initiatives can benefit from a public and informed discussion about effectiveness, proportionality and procedures.

Chapter 7 focuses on a second important theme regarding the FATF framework: the focus on a Risk-Based Approach (RBA). This chapter first provides an overview of the scientific literature about the RBA, the problems it should solve and the criticism of the approach. Next, it discusses how the Dutch field of CFT actors has introduced the RBA. It establishes that almost all actors, both public and private, have developed a risk-based approach. In some cases, they have already gained many years of experience (e.g. reporting institutions and the FIU-NL), while other actors (including supervising authorities) adopted the RBA more recently.

The analysis of the introduction of the RBA by regulators shows that they partly use this approach to determine which themes or specific policy processes they want to focus their supervision on. From this follows whether supervision of CFT is given priority or not. In addition, some also use the RBA to determine on which reporting entities supervision should focus in particular. In other words, it is an instrument to identify high-risk institutions or professionals and to allocate resources accordingly to these groups.

The investigative and judicial services make use of a risk-oriented approach to the extent that they use it to steer their daily work in order to achieve the most effective use of limited resources. Within a broader set of policy topics, the FIU, the FIOD, the AIVD and the Public Prosecution Service prioritize terrorism and terrorism financing as high risk. Subsequently, the Public Prosecution Service does not differentiate between the various TF cases, all cases should be brought to court. The FIOD and the AIVD make assessments on the basis of expertise and consultation which signals, persons or organizations they spend their capacity. In addition to consultation and expertise, the FIU also uses filtering software and risk modelling to make risk-oriented decisions with regard to the unusual and suspicious transactions.

Finally, the chapter touches upon the phenomenon of derisking. Derisking takes place when reporting entities are forced to exclude certain client groups, because they can no longer carry out a detailed risk-oriented approach with regard to these groups. Derisking is in particular a problem for charities and NPOs, because they are often considered to be particularly vulnerable to TF (even if evidence is scant). Here it becomes clear that this sector is experiencing the broader societal effects of the (inter)national CFT policy.

The chapter concludes that supervising authorities, law enforcement and the judiciary use the RBA in different ways and for different purposes, varying from setting priorities through consultation to the use of risk models and analysis software. Some actors use the RBA for

multiple purposes: both for setting policy priorities and for determining high and low risk institutions, professionals or transactions.

The final chapter (chapter 8) deals with different detection methods and discussions of their effectiveness. A common thread in the work of the FATF is the question of whether and how CFT typologies can be developed to identify possible unusual transactions or (legal) persons with a relationship to TF. Alternatively, some argue that it is more effective to exchange confidential police information and personal data concerning specific subjects. Although both methods of detection do not exclude each other, these different approaches provide practical dilemmas about priorities. This chapter gives an overview of these dilemmas, different initiatives and the effectiveness questions surrounding these two methods of investigation.

First, the discussion about typologies and effectiveness is discussed from an international perspective. The FATF attaches great value to the development of profiles and typologies with regard to TF. In practice, however, this turns out to be very difficult. The key question is whether (future) terrorists show abnormal and / or exceptional transaction patterns and whether these can be modelled with risk analysis software. In recent years, the terrorist threat in Europe is characterized by attacks that were financed with relatively small amounts and through the use of cash and by mundane transaction patterns that are indistinguishable from normal transaction patterns. Academic literature has offered reasons for caution regarding the effectiveness of transaction monitoring when it comes to CFT. In brief, it can be noted that the development of TF typologies is a controversial and difficult goal, but that the goal is nonetheless still endorsed by many actors.

Within the Netherlands, a number of important recent initiatives and programs focus on the development of profiles and typologies of the financial transaction patterns of potential terrorists and potential FTFs. But there are also sceptical voices. The banking sector, for example, points out that transaction monitoring with typologies does not demonstrably lead to the prevention of TF nor a safer society. They also state that the system requires a lot of personnel capacity and involves high costs, while the high number of false positives leads to disappointing effectiveness. They also express concern for the privacy of their customers.

In the international discussion on the usefulness of typologies and the most effective use of financial intelligence, there is increasing attention for the targeted sharing of police data with financial institutions. Public-private information sharing increasingly involves not only anonymized case information, but also personal data of suspected persons and of other matters that may be related to terrorism(financing). As discussed in chapter 6 on cooperation platforms, there are currently two partnerships in the Netherlands in which banks and public actors share trends and / or exchange data: the TF Taskforce and the TF Platform of the FIU.

The focus on typologies versus the focus on the targeted sharing of police information entails various questions and dilemmas. The search for typologies on the one hand, and the practice of sharing names/specific leads on the other, leads to tensions and contradictions in the Dutch field of CFT actors. The strategies do not exclude each other, but assume a fundamentally different approach when it comes to choices and priorities. Yet, for an

effective and efficient TF policy, it is important to make choices. There are big differences in the assumptions and methods underpinning these approaches. The purpose of this chapter was to provide insight into these dilemmas, in order to inform a wider debate.

On the basis of the 'realist evaluation' we present a number of conclusions:

1. Findings with regard to the field of actors and the daily practice in which they operate.

- **Emergence of new actors**

With the increasing political and social urgency of CFT policy and the focus on the FTF problem (from 2013), new actors have actively taken up the issue. The field has also been extended and shifted to actors who are not traditionally responsible for CTF. Particularly in the context of the approach to obstructing the activities of FTFs, more cooperation was requested from various agencies. With this integrated approach, the field is broadened but at the same time it became more complex. The emergence of these new actors leads to questions about the division of responsibilities.

- **Checks and Balances**

In addition to the emergence of new actors, the actors are also strongly committed to (inter)national cooperation with other actors. Within the Dutch field of actors, cooperation with regard to TF is pragmatic and based on proximity. Actors make agreements about who takes which actions (the GAZO – No Action Without Consultation – principle). A positive feature is the broad awareness of the need for good cooperation. However, it is important to also identify the risks of (too much) proximity and familiarity. Who is the critical voice in a small world? Is there enough room for divergent opinions? How can the close-knit field of Dutch CFT avoid 'group think' and excessive generalisation from relatively few (and media sensitive) cases? Are the public accountability and transparency of these cooperation initiatives sufficient?

- **Shifting roles and blurring of responsibilities.**

The analysis of the Dutch field of actors leads to the finding that in some cases there seems to be a shift and potential overlap and ambiguity in the roles held by the different actors. We observe a blurring boundary between supervision on the one hand, and detection and gathering of financial information on the other. The desirability of these tendencies needs careful consideration. For a policy to be effective and legitimate, it is important that actors do not sit on each other's 'chair'. When roles shift, responsibilities become unclear and tasks may be duplicated. How efficient is it when functions in the field are 'doubled'? It is important to properly monitor that practices and activities relate to the formal task of an organization, and that the division of roles within the field continues to be respected.

(2) findings on CFT methods and practices

- **Different definitions of effectiveness**

We find various (implicit) definitions of effectiveness in the working methods in the field of actors in The Netherlands. Whereas everyone aims at achieving *a* form of effectiveness, some actors focus more on what we have called 'output effectiveness', while others explicitly strive for 'impact effectiveness'. Output effectiveness monitors the formal (legally required) CFT processes. The targeted sharing of personal data of possible suspects gives a more creative interpretation of the current regulations and goes in the direction of impact effectiveness. The various definitions of effectiveness partly explain the tensions and policy contradictions in the Dutch CFT field.

- **Risk-based approach and the terrorism 'profile'**

The RBA is a central element of the CFT policy as formulated by the FATF. For years, there has been a debate within the field of public and private actors on whether typologies are effective in CFT. The ambition is to prevent TF on the basis of certain criteria. In recent years, virtually all actors in the Dutch field have developed a RBA with regard to their role in combating terrorism financing, partly because this has been laid down by law. The question is whether the approach aimed at establishing risk profiles is the most suitable for CFT, given the fact that the phenomenon is relatively rare with regard to financial transactions as a whole and that it is often difficult to define patterns (as discussed in the chapter 8). Despite the disappointing results of the typologies projects, the FEC initiated a follow-up study in 2017 in which it continues to attempt to identify typologies and / or indicators.

- **(Public-private) Information Sharing Platforms**

We observe that there is a tendency towards sharing information with multiple public actors and / or between public and private actors *y*. Examples of this can be found in the FEC project TF, the TF Taskforce, the TF Platform and the international FIU project in relation to Foreign Terrorist Fighters. Targeted sharing of information and personal data focuses more explicitly on outcome effectiveness than developing typologies and risk profiles. However, these innovative ways of information sharing operate 'at the limits of the law.' It is important to have more public discussion about the legitimacy, efficiency and privacy protection of these innovative forms of cooperation.

- **Increased Use of the National Sanction List for Terrorism**

The study of the Dutch Sanctions Committee shows that since 2013 the National Sanction List for Terrorism has been used in new ways. An exponential expansion of the list aims to proactively respond to the phenomenon of FTFs. It is important to evaluate the (possible) effectiveness of the measure and to continue to monitor the accuracy of the process. This administrative measure is a severe sanction for those affected, who are not (yet) suspects under criminal law.

(3) findings in a broader context and with a broader, societal, relevance.

- **New Threat Assessment**

The analysis of the Dutch field of (public) actors responsible for CTF shows that, especially since the rise of the organisation known as the Islamic State in 2013, the attention and initiatives have increased considerably. Since 2013-2014 a fundamental change has taken place in the focus of the Dutch policy on TF. From 2014, Dutch policy increasingly focussed on the Foreign Terrorist Fighters problem. At the same time, the question arises whether the field of actors is sufficiently equipped to anticipate new threats and unusual forms of TF.

- **Derisking / Policy contradictions**

Recommendation 8 focuses on the prevention of misuse of the NPO sector. As discussed in chapter 7, the risk-oriented approach can also create negative side effects in the form of de-risking. In the Dutch field of actors, this creates tensions and possibly a contradiction in policy. Regulators recognize the problem of derisking, but continue to emphasize risks that may be associated with financial services to NPOs.

- **Privacy and Proportionality**

Finally, an important point of attention is privacy and data protection. Financial information is particularly privacy sensitive. Taken together, this report outlines a broad development in the Dutch field where more and more information and personal data are shared in creative ways between government bodies and between public and private actors. The platforms and initiatives discussed in this report have been registered with the Dutch Data Protection Authority. Nevertheless, it is important to continue to ask questions about proportionality with regard to these collaborative initiatives and data exchanges. Social network maps drawn around potential suspects may map extensive information of non-suspects. As more partners participate in public-public and public-private operational platforms, the environment of data exchange becomes more complex and the risk of leaks and errors increases. Moreover, it is still unclear what the implications of the EU GDPR are for financial information sharing and transaction monitoring more generally. Discussion about the desirability, proportionality and protection of financial data and public-private information sharing cannot be left to security experts alone, but must be conducted in a broader context, in which non-governmental organizations and privacy experts also have a voice.

- **Research and Transparency**

Finally, a conclusion about transparency and public accountability. During the course of this study, it became clear that one reason why determining the effectiveness of CFT policy is difficult, it because actors are often extremely reluctant to share information, methods and statistical material with researchers. Potential security risks are one explanation, but confidentiality rules are also not always clearly defined. In addition to confidentiality obligations and privacy legislation, access to documents is

also difficult from an organizational point of view. Data and documents related to TF are often not kept separate from money-laundering-related data. It has been established that there is little to no standard protocol for exchanging sensitive information with stakeholders. It is important that steps are taken with regard to transparency and the availability of data for evaluation and scientific research. This is relevant for scientific research and the further testing of effectiveness and efficiency of the policy. Increasing transparency is also important with regard to broad societal legitimacy of CFT policy.