

# Fact Sheet on ISIS Financing

August 8, 2024

## Syria and Iraq

The Global Coalition remains focused on defeating ISIS in Syria and Iraq, where it is drastically increasing the pace of attacks and seeking to organize operations outside the Middle East. This year, U.S. military continued to conduct joint operations with the Iraqi Security Forces (including the Kurdish Peshmerga) and Syrian Democratic Forces. These efforts resulted in the killing or capture of hundreds of ISIS leaders and operatives across Iraq and Syria and further hampered ISIS ability to plan and execute terrorist attacks.

ISIS Core elements maintain access to nearly \$10 million in reserves and continue to extort and rob local populations, as well as employ international fundraising and recruitment networks. These sources of revenue largely reside outside the formal economy and allow ISIS Core to sustain its terrorist insurgency.

## ISIS Global Branches and Networks

Regional ISIS offices have roughly \$2 million in total in their individual reserves. To supplement ISIS's continued use of the finite reserves, ISIS senior leadership probably encourage ISIS offices to generate their own revenue. The group continues to rely on kidnapping-for-ransom, extortion, taxes, and robberies, with some branches accruing hundreds of thousands of dollars in ransom payments and extortion schemes as a large portion of their revenue. ISIS also receives funding from wealthy donors and business owners.

## *Africa*

Since February 2024, ISIS regional offices and branches in Africa continue to generate revenue through kidnapping-for-ransom, extortion, Islamic almsgiving (*zakat*), or taxation. ISIS-Somalia, which falls under the regional al-Karrar Office, remains one of the most successful ISIS branches in terms of revenue generation, mostly through extortion of local businesses. Notably, ISIS-Somalia devotes a portion of these funds to support the plotting and execution of attacks against those business that refuse to pay.

The ISIS branch in the Democratic Republic of the Congo has adapted to changing counterterrorism pressure in its region and has explored alternative funds transfer options. The ISIS branch in Mozambique has kidnapped foreign nationals with the goal of collecting ransoms for their releases and possibly has also profited from robberies.

The ISIS branch in West Africa engages with the formal financial sector by using bank accounts to transfer money. Al-Furqan Office, which has a strong base in Nigeria and oversees ISIS-West Africa and other ISIS branches in the Sahel, Tunisia, Algeria, Libya, Cameroon, Niger and Chad, generates much of its revenue through kidnapping-for-ransom, earning hundreds of thousands of dollars in ransoms. Similarly to al-Karrar Office, al-Furqan Office and its branches commit violent acts against groups that refuse to pay extortion fees. We assess that while al-Furqan Office earns some money through kidnapping-for-ransom payments, it is seeking additional

income due to lack of stable revenue. As of May 2024, ISIS-Sahel collected money through *zakat* and spoils of war conducted in their area of operations.

## *Asia*

Asia-based al-Siddiq Office, which oversees ISIS-Khorasan, has received funding from ISIS Core to conduct external operations and was responsible for the attacks in Moscow in March 2024 and Iran in January 2024. The office adapted how it generates revenue due to counterterrorism pressure. ISIS-Khorasan's financial facilitation network probably recovered from the arrests and deaths of key officials and facilitators in Pakistan, Afghanistan, Turkey, Syria, and Somalia in 2023 and early 2024. However, more recently, the branch shifted from extortion, kidnapping-for-ransom, robbery, and external funding from other ISIS branches to relying primarily on international donations and ISIS Core funding, much of which has been provided via virtual assets.

### ISIS Use of Virtual Assets

This year, we continue to observe a notable increase in ISIS's use of virtual assets for organizational transfers and donations from international supporters. Since January 2024, ISIS significantly expanded its use of virtual assets in Asia and in Africa. Since at least 2022, ISIS senior leaders probably view converting fiat currency into virtual assets as a way to protect the group's dwindling reserves. In addition, ISIS has uses virtual assets to transfer portions of its remaining financial reserves in Iraq and Syria to other branches.

Multiple factors play a role in determining whether facilitators use virtual assets to transfer funds, such as capability to convert between fiat currency and virtual assets; associated service fees; virtual asset pseudonymity and transaction speed; and a facilitator's comfort using virtual assets. Some ISIS branches opted to stop using cash transfers because of the risks associated with couriers being caught with cash. Instead, they turned to using virtual assets, which they assess to be more secure than traditional means of transferring money.

At least part of the ISIS attack on the Crocus Hall in Moscow was funded using virtual assets that transferred through various ISIS entities, including ISIS Core and al-Siddiq Office. ISIS-Khorasan reportedly transferred at least \$2,000 in virtual assets to the Crocus Hall attackers, showing a direct link between ISIS's use of virtual assets and external operations.

Since 2023, ISIS receives donations from international supporters by advertising virtual asset addresses in ISIS-generated propaganda, such as in the Voice of Khorasan magazine that is published in multiple languages by al-Siddiq Office. ISIS has raised thousands of dollars from these advertisements. Our information indicates that ISIS-Khorasan is seeking to increase its English language capability presumably to reach a wider audience.