



Concerns about Cryptocurrency and Terrorism Financing in Indonesia

OE Watch Commentary: On 8 November, the *South China Morning Post* featured an article discussing the threat of cryptocurrencies as a tool for terrorism in Indonesia. The article, which was based on a new joint study of Indonesia's National Counterterrorism Agency, State Intelligence Agency, and Financial Transaction Reports and Analysis Centre (PPATK) recalled that since 2015, online donations have been the most common way to finance terrorist attacks in Indonesia. According to the chairman of the PPATK, terrorists in Indonesia call for donations on WhatsApp and Twitter; and then use Bitcoin and PayPal to transfer money. Most of these donations are reportedly small, ranging from \$100 to \$1,000, which makes them hard to track. However, they are also continuous, which means they are able to have a large impact. In some cases, terrorists in prison have even received smuggled cell phones and used them to deliver sermons and solicit funds from supporters online.

There have also been cases of cryptocurrencies being used in terrorism cases unrelated to the Islamic State of Iraq and Syria (ISIS) or al-Qaeda. The article points out a case where a man demanded 100 Bitcoins in return for defusing a bomb at a mall in Jakarta, although the attack was thwarted. This is cited as one reason why the Indonesian central bank has ruled against the use of cryptocurrencies as means of payment in the country. The article also quotes the chief executive of the Bitcoin exchange platform Bitcoin Indonesia, who disagrees with that decision and argues that there have only been a few actual cases where terrorists tried using Bitcoin, claiming that all other transactions were traceable.

In July Indonesia's Communications Ministry also decided to temporarily block access to Telegram until the company's CEO pledged to help the Ministry close down radical chat forums. Indonesian officials have noted that Facebook, Twitter and YouTube have also cooperated in blocking the sending of terrorist images online. For the time being, therefore, it appears certain social media applications and cryptocurrencies, such as Bitcoin, will face an increased level of government scrutiny and possibly permanent restrictions on their use. **End OE Watch Commentary (Zenn)**

“Terror groups now call for donations through social media and messaging platforms, such as WhatsApp groups or Twitter.... Bitcoin and PayPal are also used to move their money..”

Source: “Support for Islamic State? In Indonesia, there’s an app for that,” *scmp.com*, 8 November 2017. <http://www.scmp.com/week-asia/politics/article/2118968/support-islamic-state-indonesia-theres-app>

Since 2015 online donations have been the avenue of choice for Islamic State-supporting groups hoping to finance attacks in Indonesia, the world’s most populous Muslim-majority nation. That is according to a new joint study by the country’s National Counterterrorism Agency, State Intelligence Agency, and Financial Transaction Reports and Analysis Centre (PPATK), which examined the banking transactions involved in terror cases between 2014 and August 2017. “Terror groups now call for donations through social media [and messaging platforms] such as WhatsApp groups or Twitter,” said Kiagus Ahmad Badarudin, chairman of the PPATK. “Bitcoin and PayPal are also used to move their money.”

Encrypted messaging platforms such as Telegram and WhatsApp are proving popular not only with active terror cells in Indonesia, but even with militants who are already behind bars. Authorities suspect the services are used by imprisoned terrorists, using mobile phones smuggled into their jails, to propagate their ideologies and even direct attacks from the comfort of their cells.

While the Indonesian central bank has ruled against the use of cryptocurrencies as means of payment, this hasn’t stopped tech-savvy users from exchanging virtual currencies such as Bitcoin through local platforms.

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