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The Impact of COVID-19 on Terrorist Financing in Indonesia

By choking off the flow of donations from sympathizers, the pandemic has forced Islamic State-affiliated groups to tighten their belts.

By [V. Arianti](#) and [Muh Taufiqurrohman](#)

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In this January 14, 2016, file photo, police officers examine a police post where an explosion went off in Jakarta, Indonesia.

Credit: AP Photo/Achmad Ibrahim

Many militant groups, including pro-Islamic State (IS) terrorist organizations in Indonesia, rely heavily on

donations from members and sympathizers to generate income. These donations have become increasingly important following the apparent decline of funds from IS in Syria, coupled with the fact that the access to such funds has usually been limited to those with [links to Indonesians fighting in Syria](#). The article discusses how the COVID-19 pandemic has impacted the financing of pro-IS groups in Indonesia and how this could shape the near-term outlook for terrorism financing in the country.

Since the COVID-19 outbreak hit Indonesia in March of this year, the government has imposed a suite of lockdowns in areas with high numbers of infections. These measures have had far-reaching economic effects. As of last month, statistics from the Ministry of Manpower [showed that](#) 3.5 million people had been retrenched as a result of the pandemic. This brings the total number of people who are unemployed in Indonesia to 10.3 million. JobStreet Indonesia [has predicted](#) that the number of unemployment will reach 11 million by the end of this year. According to a PriceWaterhouseCoopers survey released in August, 65 percent of respondents [suffered a fall in income](#) due to COVID-19.

Indonesia's IS supporters have not been spared from the economic impacts of COVID-19. Field research conducted by PAKAR, an Indonesian NGO that studies terrorism in the country, suggests that some have been retrenched or have seen their incomes fall. Those who are self-employed – as businessmen, traders or *ojek* (motorcycle taxi) drivers – have also suffered a significant reduction in income, in some cases up to 50 percent.

Coupled with the ostensible absence of funds from IS, the loss or significant decrease in income for IS supporters and sympathizers has resulted in declining revenues for Jamaah Ansharud Daulah, Jamaah Ansharul Khilafah, and other pro-IS cells in Indonesia. This has reduced the capability of these groups to use their funds for terrorist activities, in terms of both [operational \(direct\) use and organisational \(indirect\) use](#). Operational use includes personnel mobility/travel, the procurement of weapons and explosive materials, and personnel training.

Some IS supporters have deferred their travel to the militant hot spots of Poso (in Central Sulawesi province) and Bima (in West Nusa Tenggara province), since they can no longer afford the transportation costs necessary to get there, nor for the procurement of weapons and explosives. In recent years, many IS sympathizers have sought to join a pro-IS group, Mujahidin Indonesia Timur (Mujahidin of Eastern Indonesia, or MIT) based in Poso. Islamic militants have also sought to establish a paramilitary base in Bima, as an alternative to Poso. Both have been intended as springboards for the launching of attacks against the police and military.

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In terms of personnel training, the decline of the groups' income has partly contributed to the reduced quality and quantity of *i'dad* (physical training). For instance, recruits now rarely climb mountains or conduct "long marches" (marathon walking), which used to be a core component of their training regime, as such activities incur transportation and logistics (food and training equipment) costs.

Militant groups have also suffered decreased expenditure for organizational use, including such purposes as charitable family support, propaganda and radicalization efforts, meetings, salaries and terrorist network maintenance. PAKAR's research also reveals that some of these groups' affiliated schools can no longer pay their electricity bills and have cut teachers' salaries. The construction of new or additional facilities for the schools has also been delayed due to lack of funds.

Furthermore, the consolidation efforts of these militant cells – their meetings and network maintenance – have been affected as some personnel can no longer afford the transportation and accommodation necessary to visit their counterparts who reside or are imprisoned across the island of Java. Lastly, some pro-IS groups have recently been forced to ask members for donations to cover the costs of religious study sessions, which they used to provide for free. This happened after an external donor ceased its sponsorship of the study sessions.

What's Next?

The loss or significant reduction of income suffered by some pro-IS personnel has led to an increased discourse on and incidents of *fa'i* – the taking of assets belonging to non-believers – as an alternative source of income. As observed by the authors since March, a segment of the pro-IS online community in Indonesia has engaged in discussions on how to conduct both physical and digital *fa'i*. The physical *fa'i* discussed online refers to conducting robberies, mainly of banks or gold stores owned by ethnic Chinese. Meanwhile, more tech-savvy supporters have suggested the use of *carding* (credit card fraud) to raise funds.

On the ground, at least [two pro-IS cells](#) have planned robberies this year but thus far, none have been successful. Conducting robberies during COVID-19, amidst an increased presence of the security apparatus designed to enforce public health safety measures such as mask wearing, has posed an additional risk for militants. As a result, some militants have resorted to "less exposed" *fa'i* such as fraud, in which they misuse other people's identity cards to lease vehicles but without the intention to pay the necessary installments.

While *fa'i* as a method to finance terrorism is not new, for some militants, the aim of *fa'i* has shifted. Due to income losses during COVID-19, their *fa'i* efforts are now used to fund their own living expenses, rather than to fund attacks.

By undercutting their incomes, the prolonged COVID-19 pandemic has meant that some pro-IS personnel have been forced to spend their money on bread and butter needs, rather than for *i'dad*. If this situation persists into the near future, it is expected that pro-IS militants will become less operationally skilled than their predecessors. This could subsequently manifest in less impactful terrorist attacks – in terms of the number of fatalities – by pro-IS groups, as already observed this year. Regardless of the scale of the attack, it remains imperative that the authorities guard against physical and digital *fa'i* operations, which are now the last resort of militants faced with financial distress.

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