An Assessment of the Terrorist Financing Risk of

Non-Profit Organisations in the Cayman Islands

October 2025

Contents

List of Acronyms

ACC	Anti-Corruption Commission
AML	Anti-Money Laundering
BPP	Best Practices Paper ‘*Combating the Terrorist Financing Abuse of Non-Profit Organisation’* [FATF, 2023]
CBC	Customs and Border Control
CI	Cayman Islands
CIBA	Cayman Islands Banking Association
CIBFI	Cayman Islands Bureau of Financial Investigations
CIFA	Cayman Islands Football Association
CIMA	Cayman Islands Monetary Authority
CFT	Countering the Financing of Terrorism
CFATF	Caribbean Financial Action Task Force
DCI	Department of Commerce and Industry
DNFBPs	Designated non-financial businesses and professions
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FRA	Financial Reporting Authority
FUR	Follow-Up Report
IO.10	Immediate Outcome 10
MER	Mutual Evaluation Report
MSB	Money Service Business
NPO	Non-Profit Organisation
The NPO Act	Non-Profit Organisations Act (Act 26 of 2010, as Revised 2020)
The NRA	*Cayman Islands National Risk Assessment* (2021)
ODPP	Office of the Director of Public Prosecutions
PEP	Politically Exposed Person
R8	Recommendation 8
RCIPS	Royal Cayman Islands Police Service
SARs	Suspicious Activity Reports
TF	Terrorist Financing
The TFRA	*Cayman Islands Terrorist Financing National Risk Assessment* (2020)
VASP	Virtual Assess Service Providers

Executive Summary

This Risk Assessment has been commissioned by the government of the Cayman Islands to assess the terrorist financing risks of NPOs that fall within the FATF definition of NPOs, and the effectiveness of mitigation measures in addressing the identified risk in a risk-based, proportionate and focussed way. It is specifically designed to comply with the following requirements of FATF Recommendation 8.

Para.	Requirement	Relevant section
8.1(a)	*identify which subset of organisations fall within the FATF definition of NPO*	Part 2, Section 2.1
8.1(b)	*conduct a risk assessment of these NPOs to identify the nature of TF risks posed to them.*	Part 3
8.1(c)	*have in place focused, proportionate and risk-based measures to address the TF risks identified, in line with the risk-based approach*	Part 4

The assessment employs a multi-sectoral approach to risk assessments, with contributions from relevant government agencies, NPOs and private sector representatives. It utilises:

- Official FATF and CFTAF reports and guidance.
- Official data provided by seven government agencies, including data from the General Registry's register of NPOs; data from Suspicious Transaction Reports; and responses to data requests from law enforcement and competent authorities.
- Interviews with officials from six government agencies.
- A review of eight Acts or regulations.
- An online survey completed by 257 unique NPOs, comprising 40.1% of all registered NPOs.

Identifying NPOs which fall within the FATF definition of NPOs

The risk assessment identifies two categories of FATF NPOs as follows:

Identification of FATF NPOs in the Cayman Islands	
'FATF NPOs'	**Notes**
Registered NPOs	Includes ordinary and limited companies, trusts, unincorporated associations and churches incorporated by statute that meet the definition under s.2 of the NPO Act 2020.
Exempt NPOs under Ss.21 (2) (b), (c), (e) or (f) of the NPO Act.	These NPOs meet the s.2 definition, but are exempt from certain provisions as they are already subject to sufficient supervision by either CIMA or DCI.

The Register of NPOs includes some entities which do not fall within the FATF definition. Analysis of the Register and the NPO survey concludes that there are 565 NPOs that meet the FATF definition of NPO. The Register of NPOs includes some entities which do not fall within the FATF definition (from a total of 640 non-profit organisations registered).

Assessing the Terrorist Financing Risk to FATF NPOs in the Cayman Islands

National Risk Assessments and Terrorist Financing Risk Assessments published in 2020 and 2022 concluded that the terrorist financing risks in the Cayman Islands are low, both in general and in relation to NPOs specifically. Officials were not aware of any incidents that had occurred since the publications of these reports which might materially affect their conclusions.

No suspicions, incidents, or cases of terrorist financing in the NPO sector were reported, and no Suspicious Activity Reports relating to terrorist financing in NPOs have ever been received. 83% of respondents to the NPO survey rated their own exposure to TF risks as 'none', with the remaining 17% rating it as 'low'.

The difficulties in detecting terrorist financing abuses means the total absence of abuse cannot be assumed. However, two factors reinforce confidence that the risk is low. First, in recent years the Cayman Islands has considerably strengthened its capabilities in detecting potential terrorist financing abuse. Officials highlighted various improved measures, including constant monitoring and reviews of activities within the financial sector; rigorous inspections of supervised entities; sample testing of transactions, cash flows and virtual assets, particularly in relation to high-risk jurisdictions; improved training of staff; and improved technologies; and enhancements in communication mechanisms for designations to supervised entities and NPOs.

Secondly, a comparative analysis of Cayman Islands with five jurisdictions with similar characteristics suggests that an assessment of the TF risk to NPOs as low would be entirely consistent with the experiences of peers.

Accordingly, **the risk of terrorist financing abuse of NPOs in Cayman Islands is assessed as LOW.**

Risk of terrorist financing abuse of NPOs in Cayman Islands: *LOW*

No specific type of NPO or NPO activity is assessed as being at high risk. However, an analysis of data, interview responses and global typologies was conducted to identify characteristics one might expect to observe should any terrorist financing abuse of NPOs in Cayman Islands occur.

Core characteristics	**Compounding factors**
Funds sent to a high-risk jurisdiction through a Cayman Islands NPO.	Sent by diaspora community. Sent by religious community. Small NPOs lacking robust internal controls. Sent in reaction to a humanitarian disaster.
Funds received by a Cayman Islands NPO from a high-risk jurisdiction.	Recipient NPO lacks robust internal controls.
NPOs controlled by individuals from high-risk jurisdictions.	Religious NPO.
Funds sent to/from a foreign NPO through a Cayman Islands-based financial services provider.	Involves a VASP or Category B bank. Involves a high-risk jurisdiction. Involves complex scheme.
Funds raised online for sensitive foreign causes.	Ambiguity about status of fundraiser. Involves a high-risk jurisdiction.

Assessing measures to address the Terrorist Financing risk

FATF requires measures to protect NPOs from terrorist financing abuse to be focussed, proportionate, risk-based, and not unduly inhibit legitimate NPO activity.

Cayman Islands has the framework and tools to address potential terrorist financing risks in the NPO sector. Multiple measures exist to deter or detect potential terrorist financing abuse, and the authorities and financial sector are highly sensitive to potential financial crimes. The legal and regulatory framework for identifying NPOs is clear and achieves high levels of compliance. The authorities have a comprehensive mechanism for assessing and the exposure of individual NPOs to potential terrorist financing risks and addressing any vulnerabilities. Government measures do not unduly hamper or restrict legitimate NPO activities.

A summary of the assessments of individual measures is included in the following table.

Measure	Assessment	Deficiencies noted or recommendations for best practices
Inform 'at-risk' NPOs of the threats posed to them and how to apply measures to protect themselves.	Adequate.	
Oversight measures that enable the identification of NPOs that may be at risk of terrorist financing.	Largely adequate.	The registration process does not allow the simple identification of FATF NPOs, following the revisions to the Best Practices Paper (2023).
Monitoring measures for NPOs at higher-risk.	Adequate.	
Effective, dissuasive and proportionate sanctions.	Largely adequate.	A lack of official powers to sanction less serious cases of mismanagement.
Information gathering and investigations.	Adequate.	
Capacity to respond to international requests for information about an NPO of concern.	Adequate.	
Awareness-raising outreach for all NPOs.	Adequate.	
Self-regulatory measures and internal controls for at risk NPOs.	No assessment.	A lack of data means that no assessment can be made.

The following table provides recommendations for addressing the deficiencies identified or for implementing best practices introduced by FATF since 2023.

	Recommendations
Oversight measures that enable the identification of NPOs that may be at risk of terrorist financing.	Update the registration forms and annual returns to enable the clear identification of NPOs that meet the FATF definition. Update the risk indicators and risk matrix to ensure they address deficiencies linked to the characteristics of likely abuse identified in section 3.5. Continue efforts to improve compliance with annual return requirements. Consider instituting a simple annual survey of NPOs to obtain information which will facilitate the understanding of the sector and enable the identification of new risk factors within individual NPOs.
Monitoring measures for NPOs at higher-risk.	Review the inspection procedures to ensure they reflect the latest understanding of areas of terrorist financing risk. Add additional questions to the risk assessment questions to ensure that non-FATF NPOs are not subject to AML/CFT monitoring.
Effective, dissuasive and proportionate sanctions.	This deficiency does not warrant legislative change. Explore instead whether existing powers are sufficient to intervene in less serious cases of mismanagement or maladministration. This could include powers to direct NPOs to take remedial actions recommended by the General Registry.
Awareness-raising outreach for all NPOs.	Update the content of general awareness-raising outreach to ensure it addresses deficiencies linked to the characteristics of likely abuse identified in section 3.5.
Self-regulatory measures and internal controls for at risk NPOs.	Approach potential partners in civil society or academia to research the nature and quality of self-regulatory and internal control measures in the sector.

1.Context and Methodology

1.1 Context

1 The ongoing international campaign against terrorist financing identified typologies worldwide where terrorists and terrorist organisations exploit Non-Profit Organisations (NPOs) through: collection, consolidation/aggregation, transfer, dissemination and use of funds raised (what is also known as the funding cycle); providing logistical support; encouraging terrorist recruitment; otherwise supporting terrorist organisations and operations; creating sham charities; or engaging in fraudulent fundraising.

2 The Financial Action Task Force (FATF) is the international standard setting body in the area of Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT). Two parts of the FATF standards refer directly to NPOs - these are Recommendation 8 (R8) and Immediate Outcome 10 (IO.10) (see Annex 1). The purpose of these measures is to protect NPOs from terrorist financing abuse.

3 Both FATF Recommendation 8 and FATF Immediate Outcome 10 require that countries identify those organisations that fall within the FATF definition of NPOs and assess their terrorist financing risks.

4 The Cayman Islands is a member of the Caribbean Financial Action Task Force (CFATF), the FATF-style Regional Body for the Caribbean. CFATF last published a Mutual Evaluation Report (MER) of the Cayman Islands' compliance with the FATF standards in March 2019[1], using the 2013 Methodology. The MER rated R8 as Largely Compliant (LC), and a Moderate level of effectiveness under IO.10.

5 The 2019 MER was based upon an onsite visit conducted in late 2017. This predated the 2019 TF Risk Assessment and was too soon for the report to assess the effectiveness of the nascent NPO supervisory regime under IO.10[2]. The overall conclusion on IO.10 states:

- "*A targeted approach to outreach and oversight of NPOs that pose higher risks of vulnerabilities for TF has not been realised as the Registrar has not identified any NPOs that pose a higher risk for TF vulnerabilities and the registration process is still in progress. The Cayman Islands has formed the view that its TF risks are low but has not conducted an adequate assessment of data to derive such a conclusion, as such, a determination as to whether the measures put in place are consistent with the jurisdiction's TF risk profile could not be made*."[3]

6 The 'Weighting and Conclusion' on R8 states:

- "*The Cayman Islands identified, with the exception of unincorporated entities, a subset of organisations that fell within the FATF definition of NPOs, and, analysed data from relevant sources to determine the characteristics and activities of NPOs that pose the greatest risk for TF abuse and the nature of threats posed by terrorist organisations. Steps are being taken to develop a risk-based supervision and monitoring framework and the NPOL prescribes an array of methods for the supervision and monitoring of NPOs. The Cayman Islands engages the NPO sector in a number of educational and outreach programmes, however encouragement in using regulated channels and collaboration in creating best practices is absent. The* [Non-Profit Organisations Law] *allows the Attorney General to utilise investigative expertise and capability to examine NPOs and have full access to information on NPOs. There are mechanisms in place for the sharing of information, both nationally and internationally, which have limitations in some instances.*"[4]

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[1] https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/CFATF-Cayman-Islands-Mutual-Evaluation.pdf

[2] See *Key Findings (v) of IO.10,* p.85 of the *Mutual Evaluation Report*.

[3] *Ibid,* 225

[4] *Ibid,* 110 of the *Technical Compliance Annex*

7 Following the MER, the Cayman Islands was added to the list of jurisdictions under increased monitoring by FATF in February 2021. The strategic deficiencies noted by FATF did not include concerns about NPOs and terrorist financing. Following significant progress, it was removed from the list in October 2023.[5]

8 Two Enhanced Follow-Up Reports (FUR) published in February and October 2021 did not consider R8.

9 Significant reforms to Recommendation 8, IO.10, the Interpretive Note, Best Practices Paper and FATF Methodology have been introduced since the Cayman Islands' last MER. Whilst this risk assessment acknowledges the deficiencies identified in the MER and subsequent FURs, it is primarily focussed on ensuring compliance with the revised FATF standards and guidance on R8.

[5] https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-october-2023.html

1.2 General Methodological Approach

10 This section provides details on the general methodological approach to the risk assessment, including the structure of the assessment, definitions of terms and how they are interpreted, how it was implemented, and data and sources used.

11 The purpose of this exercise is to assess the terrorist financing risks of NPOs that fall within the FATF definition of NPOs, and the effectiveness of mitigation measures in addressing the identified risk in a risk-based, proportionate and focussed way.

12 FATF states that

> *"A TF risk assessment is a product or process based on a methodology that attempts to identify, analyse and understand TF risk and serves as a first step in addressing them*."[6]

13 Paragraph 8.1 of the FATF Methodology states:

> *"8.1 Since not all organisations working in the not-for-profit realm in a county are inherently high risk without prejudice to the requirements of Recommendation 1, countries should:*
>
> *(a) identify which subset of organisations fall within the FATF definition of NPO;*
>
> *(b) conduct a risk assessment of these NPOs to identify the nature of TF risks posed to them; and*
>
> *(c) have in place focused, proportionate and risk-based measures to address the TF risks identified, in line with the risk-based approach*."[7]

14 This risk assessment was completed using a Methodology provided by Greenacre Associates and drafted by their lead consultant.[8] It is based as closely as possible on FATF requirements and guidance. The methodology used in this risk assessment is designed to meet these requirements as follows:

<u>Table 1: FATF requirements for risk assessments (</u>Source: FATF Methodology (2024)).

Para.	**Requirement**	**Relevant section**
8.1(a)	*identify which subset of organisations fall within the FATF definition of NPO*	Part 2, Section 2.1
8.1(b)	*conduct a risk assessment of these NPOs to identify the nature of TF risks posed to them.*	Part 3
8.1(c)	*have in place focused, proportionate and risk-based measures to address the TF risks identified, in line with the risk-based approach*	Part 4

[6] 21, *Combating the Terrorist Financing Abuse of Non-Profit Organisation* (the 'Best Practices Paper' 'BPP') [FATF, 2023]

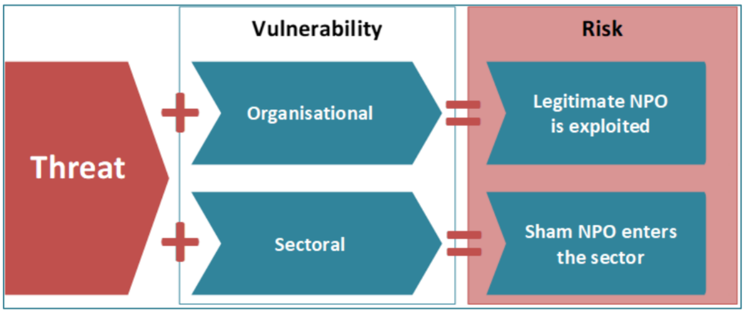
[7] *Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT/CPF Systems* (FATF, 2024)

[8] Four of the best practice examples on risk assessments in the Best Practices Paper used the Greenacre Methodology (Examples A7, A8, A10 and A11).

Terminology and key concepts

15 The *Best Practices Paper* provides the following graphic to illustrate how TF risk is assessed in the NPO sector.

Figure 1: Threat + Vulnerability = Risk (Source: Best Practices Paper (2023)).



16 FATF defines the key concepts relating to risk in the *Best Practices Paper* (FATF 2023), the *FATF Guidance: National Money Laundering and Terrorist Financing Risk Assessment* (FATF, 2013) and *The Risk of Terrorist Abuse in Non-Profit Organisations* (FATF, 2014). These definitions are used in this risk assessment. Additional interpretations of these terms within the context of this risk assessment, and definitions of additional key terms, are provided as follows:

Table 2: Definitions (Source: FATF documents as referenced).

Term	FATF definition
Non-Profit Organisation (NPO)	*'a legal person or arrangement or organisation that primarily engages in raising or disbursing of funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of "good works."* Glossary, Interpretive Note to Recommendation 8.
TF Abuse of NPOs	*'TF abuse of NPOs refers to the exploitation by terrorists and terrorist organisations of NPOs to raise or move funds, provide logistical support, encourage or facilitate terrorist recruitment, or otherwise support terrorists or terrorist organisations and operations'* Paragraph 8, Best Practices Paper
Risk	*'the ability of a threat to exploit a vulnerability.'* Paragraph 22, Best Practices Paper
Threat	*'A person or group of people, object or activity with the potential to cause harm.'* Paragraph 57, Typologies Report
Vulnerability	*'things that can be exploited by the threat or that may support or facilitate its activities'* Paragraph 58, Typologies Report
Consequence	*'the harm that a TF threat may cause if eventuated'* Paragraph 22, Best Practices Paper

Implementation

17 FATF recommends a multi-sectoral approach to risk assessments, with relevant government agencies, NPOs and private sector representatives engaged.

- From the authorities, this should include competent bodies on CFT and NPO policy; the Financial Intelligence Unit (FIU); law enforcement agencies; tax agencies; and intelligence agencies.[9]
- For civil society, it states that their engagement is 'vital', and recommends including a representative sample, "*considering factors such as the size of entities, organisational capacities, nature of operations, and diversity of participants, and, when relevant, representatives that have reliable knowledge of unregistered or unlicensed NPOs*."[10]
- From the private sector, it suggests consulting financial institutions, such as banks, money or value transfer services businesses, and their professional associations. Other groups, such as auditors, may be engaged if appropriate.[11]

18 This methodology ensures the participation of all of these stakeholders through the establishment of a Project Lead Group (to implement the risk assessment) and a Review Group (to oversee and review the risk assessment).

19 The Project Lead Group team oversaw the implementation of the project. It comprised the following officials:

- Cindy Jefferson-Bulgin: Registrar General
- Glenda Leben: Deputy Registrar General, Compliance and Enforcement
- Paul Inniss: Head of Compliance
- Laura Alleyne: Senior Compliance Officer

20 The Review Group provided written comments on drafts of the report. It comprised representatives from the following organisations:

- Financial Reporting Authority (FRA)
- Cayman Islands Monetary Authority (CIMA)
- Cayman Islands Bureau of Financial Investigations (CIBFI)
- Office of the Director of Public Prosecutions (ODPP)
- Customs and Border Control (CBC)
- Department of Commerce and Industry (DCI)
- Anti-Corruption Commission (ACC)
- Cayman Islands Banking Association (CIBA)

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[9] 31, Best Practices Paper
[10] 32, Best Practices Paper
[11] 33, Best Practices Paper

Sources, data and data collection techniques

21 The risk assessment should use *"all relevant and reliable sources of information, including through engagement with NPOs."*[12] Qualitative data should be given its due weight.[13] Specific sources can include:

- FIUs; Law enforcement; Tax authorities[14]; Intelligence agencies; Competent ministries for CFT policy and NPO policy; and other relevant government agencies, such as the financial sector supervisor.
- "*all relevant groups of NPOs*" reaching "*as many different constituencies as possible*."[15] This should include umbrella organisations and self-regulatory organisations.
- financial institutions, such as banks, money or value transfer services businesses, their professional associations, and other groups, such as auditors.[16]

22 Collection techniques for the risk assessment include:

- focus groups, interviews, questionnaires and surveys;
- consultative platforms, ad hoc task forces, working groups and seminars;
- reliable open-source information.[17]

23 This risk assessment meets the FATF requirements and recommendations for sources and types of information as follows:

24 **Official data and reports**: Competent authorities provided the following official data and reports:

- *Cayman Islands National Risk Assessment* (March 2021) (the '*National Risk Assessment' 'the NRA')*.
- *Cayman Islands Terrorist Financing National Risk Assessment* (Anti-Money Laundering Steering Group, February 2020) (the '*TF Risk Assessment' 'the TFRA')*.
- *Terrorist Financing Risk Assessment for the NPO Sector in the Cayman Islands* (General Registry, February 2020) ('*The NPO TF Risk Assessment').*
- *The National Strategy for Combatting Money Laundering, Terrorist Financing, and Proliferation Financing* (Anti-Money Laundering Steering Group, April 2022) (the '*AML/CFT Strategy')*.
- Official data on NPOs from the General Registry accurate as at December 2024.

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[12] 8.1 of the FATF Methodology, footnote 60

[13] "*While quantitative assessments (i.e., based mostly on statistics) may seem much more reliable and able to be replicated over time, the lack of available quantitative data in the ML/TF field makes it difficult to rely exclusively on such information. Moreover, information on all relevant factors may not be expressed or explained in numerical or quantitative form, and there is a danger that risk assessments relying heavily on available quantitative information may be biased towards risks that are easier to measure and discount those for which quantitative information is not readily available. For these reasons, it is advisable to complement an ML/TF risk assessment with relevant qualitative information such as, as appropriate, intelligence information, expert judgments, private sector input, case studies, thematic assessments, typologies studies and other (regional or supranational) risk assessments in addition to any available quantitative data."* Paragraph 30-31, ***FATF Guidance: National Money Laundering and Terrorist Financing Risk Assessment*** (FATF (2013)

[14] In many jurisdictions, tax authorities maintain information on NPOs and conduct reviews of their operations to ensure that they are eligible for exemptions from corporation tax. Hence the reference in the *Best Practices Paper*. However, this is not relevant to Cayman Islands which has no direct taxes on individuals or corporations, and no tax authority to collect such information.

[15] 32, Best Practices Paper

[16] 33, Best Practices Paper

[17] 28, Best Practices Paper

25 **Data request and questionnaire.** Written requests for data on terrorist financing in the NPO sector, case studies, and surveyed perceptions of the TF risk, threats and vulnerabilities were obtained from representatives of the following agencies, covering the period 2019-2024:

- FRA
- CIMA
- CIBFI
- ODPP
- CBC
- DCI
- ACC

26 **Data from Suspicious Activity Reports (SARs):** The FRA provided a summary of SARs involving TF or FATF NPOs covering the period 2020-2024.

27 **Interviews:** Interviews were conducted with representatives from the following agencies in George Town on 13th, 14th and 15th May 2025.

- FRA
- CIMA
- CIBFI
- CBC
- DCI
- ACC

28 **Legal review.** The following laws and regulations were reviewed, including relevant amendments, implementing regulations and notices. The review was supplemented by interviews with officials responsible for their implementation (see interviews above).

- Non-Profit Organisations Act (Act 26 of 2010, as Revised 2020) ('NPO Act').
- Non-Profit Organisations (Registration Application) Regulations (2020 Revision) ('NPO Registration Regulations').
- Limited Liability Companies Act (2025 Revision) ('Limited Companies Act').
- Churches Incorporation Act (2007 Revision) ('Churches law').
- Terrorism Act (2018 Revision).
- Proceeds of Crime Act (2025 Revision).
- Anti-Money Laundering Regulations (2025 Revision) (the 'AML Regulations').
- Banks and Trust Companies Act (2025 Revision).

29 **Survey**: An online survey of NPOs was conducted to obtain information on their size, form, activities, and financing; their perceptions of TF risk; issues with access to financial services; and the penetration of government's outreach measures.

30 A total of 321 responses were received from 257 unique entities between 12th March and 19th May 2025, from a total of 640 registered NPOs. This gives a response rate of 40.1%. Assuming a random sample, this

gives a confidence level of 95% that the real value of any individual response to a question is within ±4.6% of the surveyed value.[18]

31 **Mutual Evaluations**: The following evaluations on AML/CFT in *Cayman Islands* were consulted:

- *Mutual Evaluation Report of the Cayman Islands* (the '*MER*') (*CFATF*, *2019*).[19]
- *2nd Enhanced Follow-up Report and Technical Compliance Re-Rating Cayman Islands* (the '2nd *FUR*') (CFATF, February 2021).[20]
- *3rd Enhanced Follow-up Report and Technical Compliance Re-Rating Cayman Islands* (the '3rd *FUR*') (CFATF, October 2021).[21]

32 **FATF Guidance Documents**: The following guidance documents were used primarily to inform the methodological approach, but also selectively and in context to inform assessments where primary data was not available:

- *The Interpretive Note to Recommendation 8* (see *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation* (2012-2023)).
- *Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT/CPF Systems* (FATF, 2024).
- *Combating the Terrorist Financing Abuse of Non-Profit Organisation (*the *'Best Practices Paper' 'BPP')* [FATF, 2023].
- *The Risk of Terrorist Abuse in Non-Profit Organisations* (FATF, 2014).
- *The Terrorist Financing Risk Assessment Guidance* (FATF, 2019).
- *FATF Guidance: National Money Laundering and Terrorist Financing Risk Assessment* (FATF, 2013);
- Feedback from the FATF Private Sector Consultative Forum and other discussions with the FATF Secretariat 2016-25.[22]

33 **Risk assessments from jurisdictions with similar characteristics**. FATF states that "*information from foreign authorities can help provide competent authorities with a better understanding of the TF risk environment in which NPOs are operating, and context surrounding instances of abuse and circumstances of risk.*"[23] The following risk assessments from jurisdictions which share some characteristics with Cayman Islands were consulted to provide comparative and contextual analysis:

- British Virgin Islands: *2024 Virgin Islands Non-Profit Organisations Terrorist Financing Risk Assessment* (FIA, 2024).
- Jersey: *National Risk Assessment of Non-Profit Organisations of the Bailiwick of Jersey* (Government of Jersey, 2022).
- Mauritius: *Terrorist Financing Risk Assessment for the NPO Sector in Mauritius (*unpublished, 2020).
- Seychelles: *Terrorist Financing Risk Assessment for the NPO Sector in Seychelles (*unpublished, 2023).
- Trinidad and Tobago: *National Risk Assessment: Assessing the Risk of Abuse of Non-Profit Organisations (NPOs) for Terrorist Financing* (unpublished, 2024).

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[18] Sample size calculated using sample size calculator at calculator.net. https://www.calculator.net/sample-size-calculator.html
[19] https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/CFATF-Cayman-Islands-Mutual-Evaluation.pdf
[20] https://www.fatf-gafi.org/en/publications/mutualevaluations/documents/fur-cayman-islands-2021.html
[21] https://www.fatf-gafi.org/en/publications/mutualevaluations/documents/fur-cayman-2021.html
[22] Public statement made by FATF at events or meetings. From author's own notes.
[23] 79, Best Practices Paper

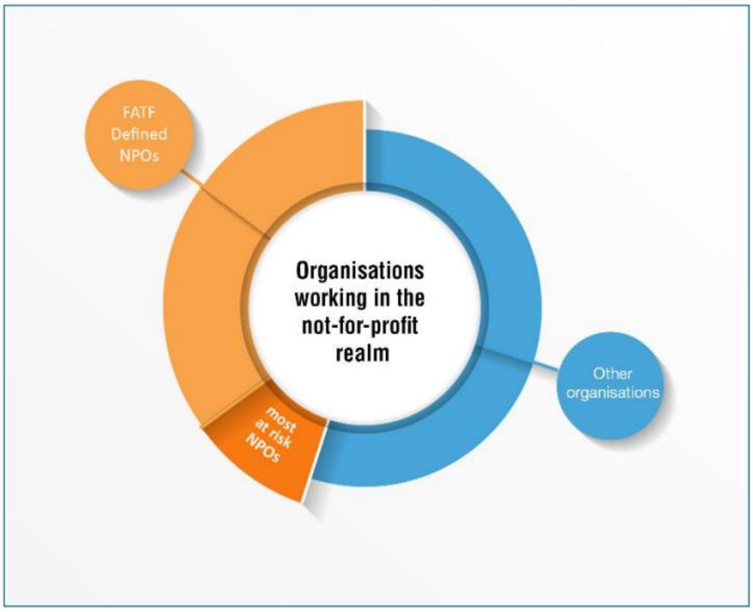
2. FATF NPOs in the Cayman Islands

2.1 Identifying organisations which fall within FATF definition of NPOs

34 R8 states that "*countries should identify the organisations which fall within the FATF definition of non-profit organisations*". FATF defines NPOs as "*a legal person or arrangement or organisation that primarily engages in raising or disbursing of funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of "good works*." [24]

35 FATF provides the illustration in figure 2 to illustrate which NPOs should be covered by the risk assessment. The purpose of the exercise in this section is to distinguish the FATF defined NPOs (in orange) from all organisations working in the non-profit realm (in blue).

Figure 2: FATF NPOs (Source: Best Practices Paper).



36 FATF identifies certain organisations working in the not-for-profit realm which are not within the scope of the FATF functional definition. Specifically, it states that FATF NPOs excludes trade unions, and organisations "*that primarily conduct research and/or advocate for changes in public policy but do not raise or disburse funds for NPO causes*."[25] FATF does not define what the term 'good works' means as what is considered 'good works will differ from country to country and context to context.[26] In this risk assessment, this definition is taken to exclude:

- Informal groups of people which do not meet the definition of legal arrangement.
- Legal persons or arrangements or organisations which are not established for 'good works', such as political parties, trade unions, or cooperatives which are primarily engaged in economic activities for the political, personal or financial benefit of members.
- Legal persons or arrangements or organisations not engaged in the raising or disbursing of funds as a main purpose. This might include small, purely voluntary or inactive organisations.

[24] Glossary, *Interpretive Note to Recommendation 8* (FATF, 2024).
[25] *Ibid,* 18
[26] FATF Webinar, 18th December 2023.

37 The primary relevant legislation for NPOs is the Non-Profit Organisations Act (2020 Revision). The NPO Act defines NPOs as:

> *"A company or body of persons, whether incorporated or unincorporated, or a trust*
>
> *(a) established or which identifies itself as established primarily for the promotion of charitable, philanthropic, religious, cultural, educational, social or fraternal purposes, or other activities or programmes for the public benefit or a section of the public within the Islands or elsewhere; and*
>
> *(b) which solicits contributions or raises funds from the public or a section of the public within the Islands or elsewhere."*[27]

38 This definition of NPO in the NPO Act is very similar to the definition of NPOs by FATF. The sole material difference is that the NPO Act refers to NPOs '*which solicit contributions or raise funds'*, whereas the FATF definition refers to '*NPOs primarily engaged in the raising <u>or dispersal</u> of funds*.

39 An exemption from a mandatory requirement to register is provided to NPOs which meet certain criteria established under s.21(2) of the NPO Act (these NPOs may voluntarily chose to register). It comprises:[28]

40 Ss.21(2)(a), (b) and (c) covers a range of financial and banking institutions that are already subject to supervision, such as by the DCI[29] or the CIMA.

i. s.21(2)(a) covers NPOs that are designated non-financial businesses or professions (DNFBPs) registered under the Anti-Money Laundering Regulations (2020 Revision). FATF states that NPOs are not DNFBPs[30].

ii. s.21(2)(b) covers NPOs holding a licence under any of the regulatory laws, other than an entity registered as an excluded person under section 5(4) of the Securities Investment Business Law (2020 Revision). These may be FATF NPOs, depending on their activities.

iii. s.21(2)(c) covers NPOs established as a trust company licensed or registered to carry on a trust business or a controlled subsidiary thereof registered under the Banks and Trust Companies Law (2020 Revision). Trust companies provide trust management services and are not in themselves FATF NPOs – but the trusts they manage sometimes are.

41 s.21(2)(d): covers government entities, such as the National Trust. These are established by statutes which also set out the oversight mechanisms. As government entities, these are not FATF NPOs.

42 Ss.21(2)(e) and (f) covers entities which are exempted from the requirement to register by Cabinet. Sub-section (e) covers entities assigned with the responsibility with monitoring compliance with the relevant AML/CFT legislation; sub-section (f) covers other entities by order exempt. These may be FATF NPOs, depending on their activities.

43 NPOs can register as an unincorporated NPO; as an incorporated NPO under the NPO Act; or as an incorporated NPO and as a company under the NPO and company laws. NPOs that register under company laws may apply for s.80 status, under which they are exempted from certain fees applicable to companies. These latter arrangements are legacies of the previous regulatory system, and have no impact on their regulatory obligations as NPOs, and may require additional filing as a company.

44 The Churches Incorporation Act (2007) provides for the incorporation of eight named Christian denominations, and acts as their governing document. Seven of these are registered as NPOs.

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[27] s.2 NPO Act.

[28] *ibid,* s.21.(2) as amended. Notwithstanding their exemption, the NPOs listed in s.21 may elect to register pursuant to Section 21(2) of the NPO Act.

[29] Designated non-financial businesses and professions are supervised by the DCI under the Anti-Money Laundering Regulations (2018 Revision).

[30] 76, *Best Practices Paper*

45 Responses to the NPO Survey confirm that the NPO register contains some organisations that are not FATF NPOs. Specifically, the following:

- NPOs not primarily engaged in raising or dispersing funds. This includes inactive, small and/or purely voluntary organisations. For the purposes of the estimates in this is report, only organisations which have reported receiving or dispersing funds in the last five years are considered active.
- NPOs that primarily conduct research and/or advocate for changes in public policy, in accordance with paragraph 18 of the Best Practices Paper (2023). The register does not currently allow such organisations to be individually identified.

46 The Cayman Islands is a common law country with freedom of association. There is no restriction on citizens forming associations for legal purposes, and in common with other common law countries, there are an unknown number of small, temporary, informal entities, or entities focused on a single beneficiary.[31] These entities do not meet the threshold for registration under the NPO Act. As noted above, this risk assessment excludes such informal entities as they are assessed as not meeting the FATF definition of legal arrangement.

47 Accordingly, the following entities within the Cayman Islands meet the FATF definition of NPO.

Table 3: FATF NPOs in the Cayman Islands.

Identification of FATF NPOs in the Cayman Islands	
'FATF NPOs'	**Notes**
Registered NPOs	Includes ordinary and limited companies, trusts, unincorporated associations and churches incorporated by statute that meet the definition under s.2 of the NPO Act 2020.
Exempt NPOs under Ss.21(2) (b), (c), (e) or (f) of the NPO Act.	These NPOs meet the s.2 definition, but are exempt from certain provisions as they are already subject to sufficient supervision by either CIMA or DCI.

[31] e.g. fundraising for an individual's medical bills or education fees.

2.2 The nature of FATF NPOs in the Cayman Islands

48 Two categories of organisation have been identified as including FATF NPOs. These are:

a) Registered NPOs

b) Exempt NPOs

49 **Registered NPOs:** Registered NPOs are unincorporated associations or incorporated companies or trusts established for public benefit which solicit or raise funds from the public. They must register and are subject to the oversight of the General Registry, as set out in the NPO Act.

50 **Exempt NPOs:** NPOs which are regulated by the CIMA or DCI, are regulated by statute, or are exempted by the Cabinet. At the time of writing, the authorities reported that there were currently no NPOs exempted from registration under Ss.21 (2) (b), (c), (e) or (f) of the NPO Act.

The number of FATF-Defined NPOs in the Cayman Islands

51 As of May 2025, there were 640 NPOs registered NPOs. The number of NPOs has been growing at a rate of 5.2% per year.

Table 4: Growth in number of registered NPOs. (Source: General Registry)

	2019	2020	2021	2022	2023	2023	2025
Total number of NPOs registered	487	524	558	578	608	630	640

52 Not all 640 NPOs will be FATF NPOs. It will exclude:

a) NPOs that do not meet the FATF definition of 'good works'[32];

b) NPOs that *"primarily conduct research and/or advocate for changes in public policy";*

c) Financially inactive NPOs.

53 The NPO register includes a category for the NPO 'type'. The terms used for these types are not strictly fixed, but fall into the following eight categories: charities (including charitable trusts); community organisations or groups; educational institutions (including scholarship funds and culture and arts organisations); government agencies; parent teachers associations; philanthropic organisations; professional associations or bodies; religious organisations; and sporting associations or organisations.

54 Of these eight types, two do not meet the FATF definition of 'good works'. These are government agencies and professional associations. The register lists five NPOs as government agencies; one as a political party; and 55 as professional associations. Removing these leaves 579 NPOs on the register with 'good works'.

55 The register does not contain information which would enable the identification of NPOs that are in category *(b): primarily conduct research or advocacy*. Four NPOs self-identified as human rights or activist organisations in the 'NPO type' category at registration, but as this is not a specified category, it cannot be assumed to be a definitive count.

[32] FATF does not define 'good works', but has stated that each jurisdiction should decide what it means in their context. Aspects of international charity and NGO law consider the definition of 'good works' or the associated term, 'public benefit'. Most relevant to Cayman Islands is the preamble to the Statute of Charitable Use 1601, which is the basis for the understanding of the concept of 'charity' in most common law countries. Implicit in this concept is the understanding that '*public benefit was an integral part of every charitable purpose*'. The understanding of 'public benefit' has subsequently been defined, interpreted, and expanded through primary legislation, case law and the statutory decisions, consultations and guidance produced by the Charity Commission for England and Wales. Assertions in this document on whether an NPO meets the FATF standard for 'good works' is based upon these legal principles. See *Analysis of the Law Relating to Public Benefit* (Charity Commission for England and Wales, 2013).

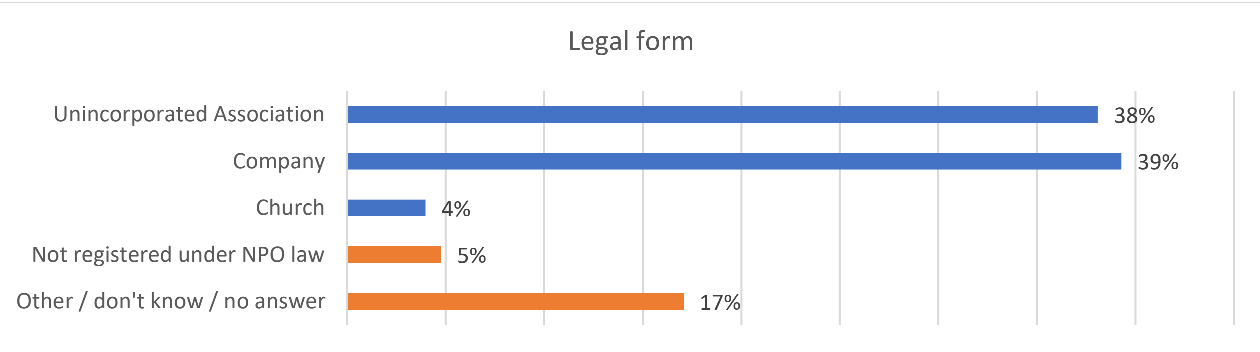
56 The public register does not include financial data which would enable the identification of NPOs which are in category *(c): currently financially inactive*. However, in the NPO survey, 2.49% of respondents stated that their NPO had not received or spent funds in the last five years and had no reported income. We have therefore estimated that a minimum of 2.49% of currently registered NPOs (a total of 14) are not FATF NPOs on the grounds of financial inactivity.

57 **This analysis suggests that there are up to 565 NPOs in the Cayman Islands that meet the FATF definition of NPO**. The survey responses reported on below and the analysis of risk that follows is based upon a population of FATF NPOs of 565.

Profile of FATF NPOs in the Cayman Islands

58 The NPO survey asked respondents to identify their legal type. The data showed a roughly equal number of unincorporated associations and companies.

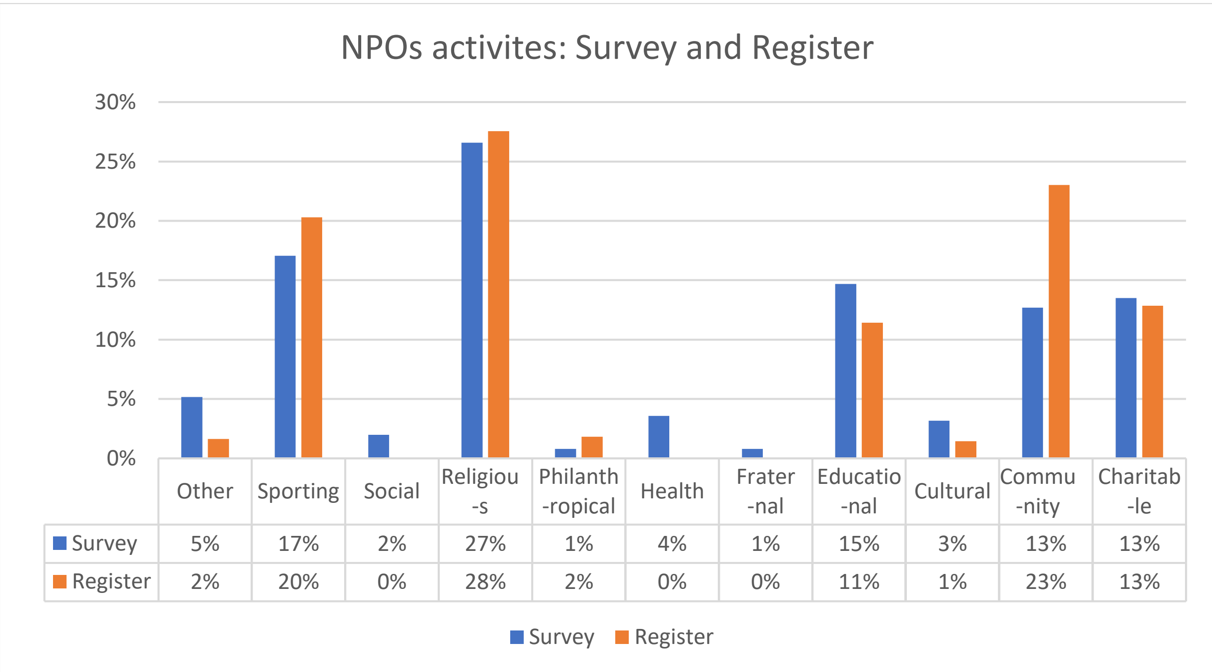
Figure 3: FATF NPOs by legal type (Source: NPO Survey).



Activities

59 The NPO survey asked respondents to identify their primary activity from a set list of options. This data was then compared with the NPO 'type' recorded on the NPO register. The resulting data is indicative rather than definitive, as all survey respondents and most registered entries are limited to one category, whilst it can be expected that many NPOs may have multiple activities. Nevertheless, there is a broad consensus on the activities of the sector between the two data sources (see figure 4).

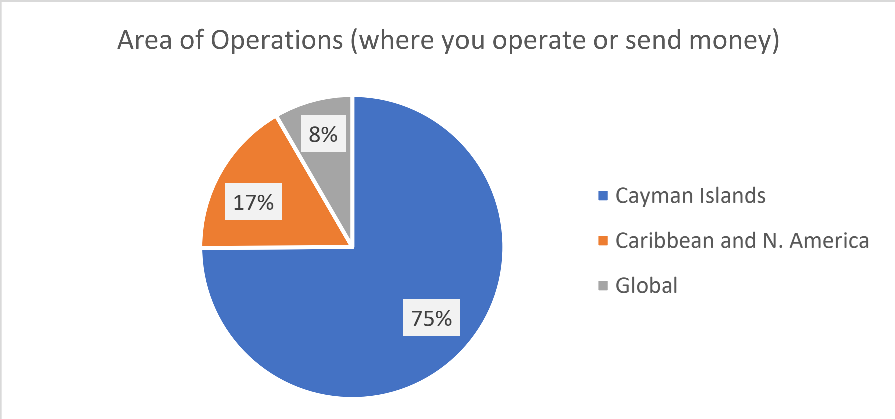
Figure 4: NPOs' activities (Sources: NPO Survey; General Registry).



Location of activities

60 The NPO survey asked respondents to identify their area of operations. Three quarters of NPOs are exclusively focused on the Cayman Islands. Just 8% have a focus outside of the Caribbean and North America.

Figure 5: FATF NPOs by area of operations (Source: NPO Survey).



Financial size

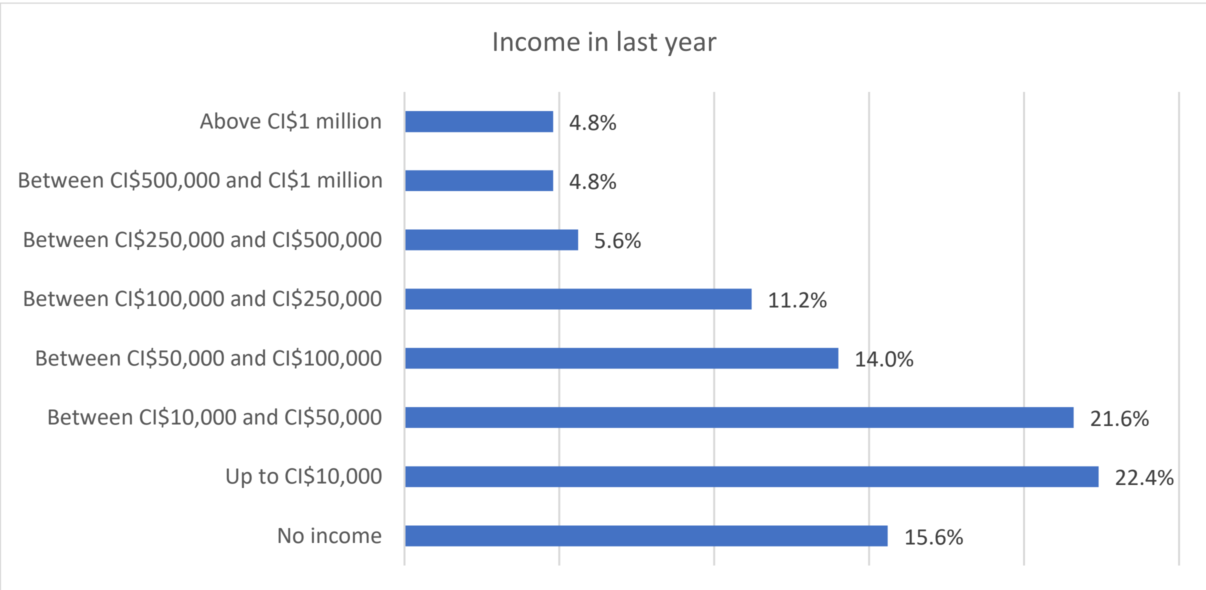
61 The General Registry calculated the sector's total income and expenditure by compiling data from the annual returns submitted by NPOs. With the sector's growth and improved compliance rates, the combined reported income and expenditure have increased substantially. According to the most recent figures, the total income reported by all participating NPOs stands at KYD$111m.

Table 5: Reported income and expenditure of registered NPOs. (Source: General Registry)

	2019	2020	2021	2022	2023	2024
No. of NPOs Registered	487	524	558	578	608	630
No. of NPOs submitting Annual Returns	91	143	221	922	304	503
Funds raised	39M	53M	83M	101M	90M	111M
Funds disbursed	36M	49M	70M	98M	85M	107M

62 The NPO survey asked respondents to state their income/expenditure band for the last financial year.

Figure 6: Income bands (Source: NPO Survey).

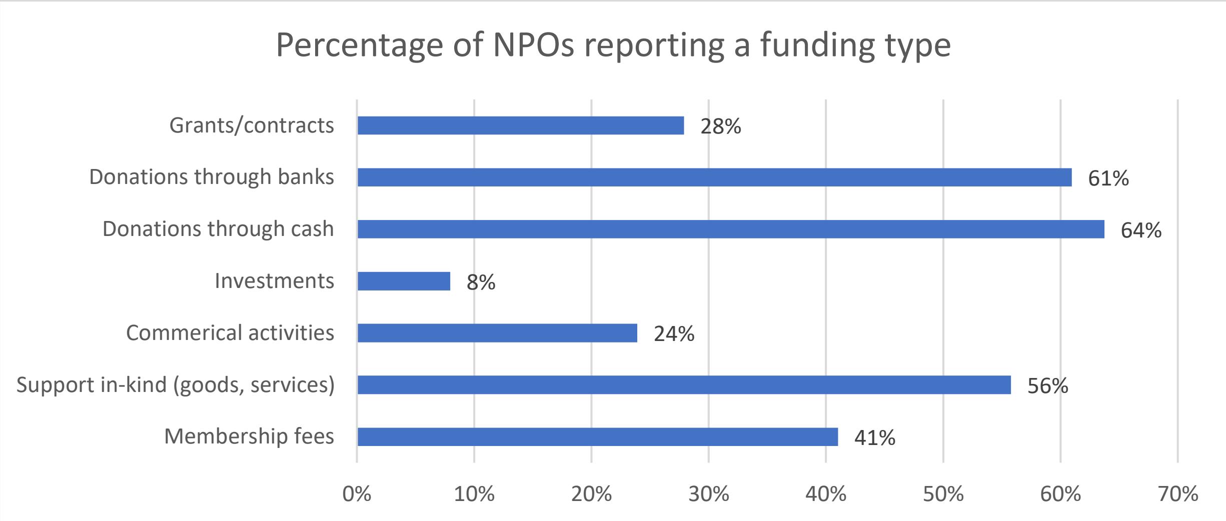


63 The two data sources illustrate a good spread of income bands through the sector. It can be deduced that the 15% of NPOs in the three highest income bands will account for most of the sector's income. By contrast, nearly 40% of NPOs have income of CI$10,000 or less, and 60% of NPOs have an income of less than CI$50,000. Given Cayman's high-income status, it can be calculated that very few of these NPOs have full-time or permanent staff.

Sources and mechanisms for moving funds

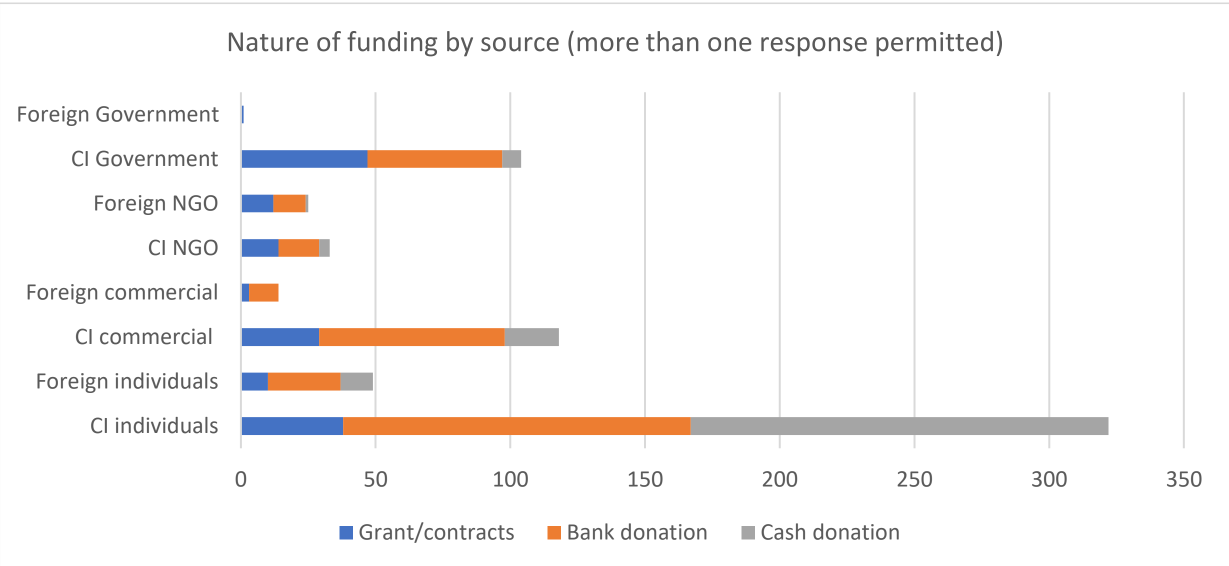
64 The NPO survey asked respondents to identify how they received funding.

Figure 7: Nature of NPO funding (multiple responses allowed) (Source: NPO Survey).



65 The NPO survey asked respondents to indicate the sources of their funding for selected types of funding.

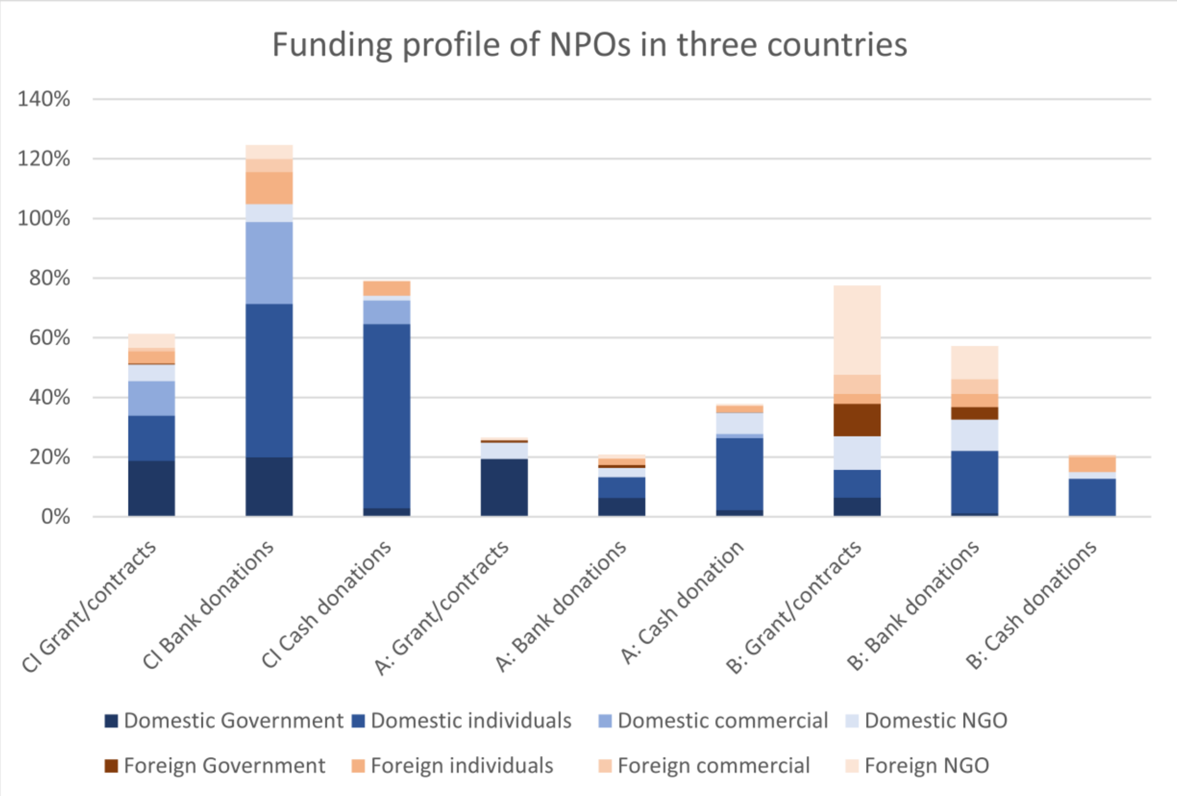
Figure 8: Sources of NPO funding (Source: NPO Survey).



Analysis Box 1: Comparative funding profile

Figure 8 (above) illustrates the profile of funders sources and mechanisms for NPOs in Cayman Islands. The data from the Cayman Islands' survey was compared with surveys from two other jurisdictions. Country A is a small international financial centre in the upper middle-income band. Country B is a small lower middle-income European country.

Figure 9: Funding profile of NPOs in three countries. (Source: NPO Surveys)



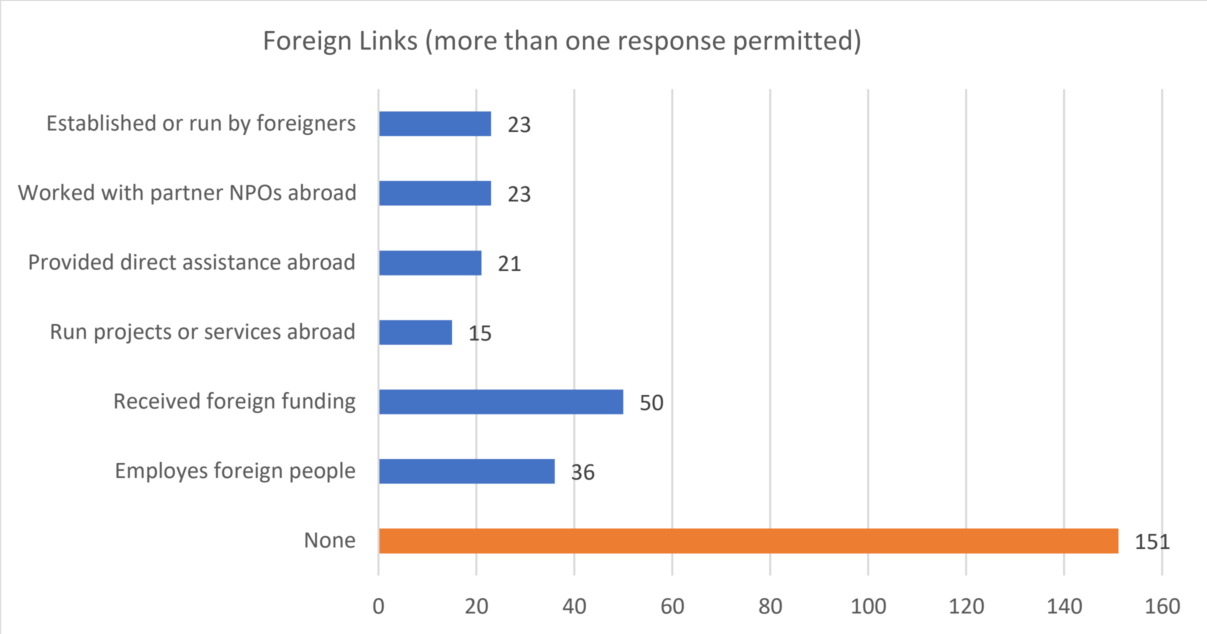
The profile of Country A is typical of small, upper-middle-income countries. It is typified by a greater reliance on private, domestic funding sources, with an associated emphasis on informal funding mechanisms.

Country B, by contrast, typifies a lower-middle-income country still reliant on foreign funding. However, this funding is by its nature more likely to be provided through formal channels.

By contrast, Cayman Islands has comparatively little institutional funding (comprising government and NGOs), which could be a risk factor. However, it has comparatively low levels of foreign funding, and the private domestic funding is comparatively more likely to be conducted through formal financial channels. Combined with the lack of a domestic terror threat (see section 3), this results in a comparatively low-risk funding profile for Cayman Islands NPOs.

66 The NPO survey asked respondents to indicate the nature of their foreign links. Further analysis on foreign links can be found in Analysis Boxes 2, 3 and 4.

Figure 10: Reported foreign links (Source: NPO survey)



67 According to the NPO survey, 84% of NPOs have a bank account. Class A banks report a total of 783 NPO client's resident in the Cayman Islands at the end of 2024 (Source: CIMA). This total is higher than the total number of registered NPOs. The data provided by the CIMA does not identify if an NPO has more than one banking relationship, so it is inferred that this figure reflects that some NPOs have more than one banking relationship. See Analysis Box 4 for more detail on unbanked NPOs.

3. Assessing the Terrorist Financing Risk to FATF NPOs in the Cayman Islands

3.1 The Threat Context in the Cayman Islands

68 Paragraph 8.1 of the FATF Methodology states that "*not all organisations working in the not-for-profit realm in a county are inherently high risk*" and countries should "*conduct a risk assessment of these NPOs to identify the nature of TF risks posed to them*." As part of the risk assessment, countries should identify the nature of the TF and terrorism threat[33]:

General threat context in the Cayman Islands

69 The *Mutual Evaluation Report 2019* ('*MER*') identified Cayman Islands' primary domestic ML/TF threats as 'theft, corruption and drug-trafficking', and external threats as 'fraud, evasion of tax (overseas) and drug trafficking'.[34]

70 The Cayman Islands published a *Terrorist Financing National Risk Assessment* ('*TFRA*') in February 2020 and a *National Risk Assessment 2021* ('*NRA*') in 2022. The NRA noted that the most significant criminal threat to the Cayman Island's was its exposure to foreign proceeds of crime.[35] The most significant of these threats originated from fraud, corruption/bribery, and tax evasion (all rated 'high'). Terrorist financing was rated as 'medium-low'. The TFRA referenced the '*extensive scale of cross border business and financial transactions in the Cayman Islands, given our status as an international financial center*'[36] as a key factor in its assessment of the inherent TF risk.

Terrorist threat in the Cayman Islands

71 The NRA and TFRA assessed the terrorist threat level in the Cayman Islands as low. The TFRA noted (and the NRA repeated) that:

> 'the Cayman Islands does not have any parts of the local population that may be sympathetic to active terrorists or terrorist organisations, and there is no information or intelligence to suggest that any particular diaspora would be presenting a higher risk, or display signs of radicalisation. Unlike other countries in the region, the Cayman Islands also does not have any known cases of its citizens travelling overseas to support terrorist activities on foreign soil (so called "Foreign Terrorist Fighters").'[37]

Terrorist financing threat in the Cayman Islands

72 As noted above, the 2021 NRA analysed potential threats from predicate crimes. Terrorist financing was ranked fifth of six ('medium low'). Between 2017 and 2021, approximately US$400,000 of foreign funds had been identified as potentially linked to TF through seven recorded cases.[38] It reported that the Cayman Islands Bureau of Investigations (CIBFI) conducted five TF investigations during the period 2019 – 2021, four of which were as a result of disclosures from the Financial Reporting Authority (the FRA), and one was from open-source intelligence. Four were closed as no offences were detected and one was ongoing. In addition, the report noted that the FRA had received 15 TF-related requests for information, and 12 TF-related requests from the Royal Cayman Islands Police Service (RCIPS). It

[33] Example b.10. Immediate Outcome 10; Paragraph 24, Best Practices Paper
[34] 10, 11, Mutual Evaluation Report (2019).
[35] 92, *National Risk Assessment 2021* (2022)
[36] 5, *Terrorist Financing National Risk Assessment* (The Anti-Money Laundering Steering Group, 2020)
[37] *ibid,* 17.
[38] 95, *National Risk Assessment 2021* (2022)

concluded that this limited evidence suggests the presence of a threat, without demonstrating that there was a significant movement of TF-related funds through the jurisdiction.

73 The TFRA assessed the TF threat as medium. It noted the absence of indicators evidencing TF, such as prosecutions or intelligence from foreign law enforcement agencies. However, the size of the international financial sector and the general difficulties in detecting TF meant '*it cannot be assumed that the absence of these indicators means that the Cayman Islands is not vulnerable*.' This medium rating was consistent with other international financial services centres. However, it was emphasised that this was an assessment of inherent risk, and did not consider the impact of mitigating measures, which were assessed as strong.

74 The TFRA considered three different TF typologies within the Cayman Islands. These were expanded upon in the NRA. The typologies are as follows:

75 <u>(i) Collection of funds in Cayman Islands for terrorism purposes:</u> This risk was assessed as low. No cases have been identified to suggest such activities are taking place in the Cayman Islands, and it was assessed that the geographic and demographic landscape meant such risks are low.

76 <u>(ii) Movement of funds through or provision of services by Cayman Islands for terrorism or terrorist financing purposes:</u> This was considered the most likely risk, rated at medium by the TFRA, and medium-low by the NRA. Whilst there were very few indicators to suggest that this had occurred, the assessment was based on the Cayman Islands extensive financial services industry; the general exposure of legal entities and financial service providers to serious financial crimes; the legitimate links between individuals in the Caymans Islands and high-risk jurisdictions; and the difficulty in detecting the crime. Three potential typologies were identified.

> '*Typology A: The Cayman Islands is used as a transit country for funds that are intended to be used for terrorism purposes abroad, with funds being sent via the Cayman Islands either through banks, other payment channels such as [*Money Service Businesses]*, or being physically moved through the Cayman Islands' territory.*
>
> *Typology B: The Cayman Islands regulated service providers knowingly or unknowingly facilitate the movement of funds for terrorism purposes but without the funds actually entering or moving through the Cayman Islands – for example, Cayman lawyers providing services to customers that support foreign terrorism.*
>
> *Typology C: Cayman Islands legal entities are abused for terrorism financing purposes*.'[39]

77 <u>(iii) Use of funds in Cayman Islands for terrorism purposes:</u> This risk was assessed as low. There is no history, intelligence or other information to suggest that terrorists are operating in or targeting the Cayman Islands.

78 The Cayman Islands Fourth Round Mutual Evaluation Report ('*MER*') was published in 2019, and therefore preceded the NRA and TFRA. It stated at the time the Cayman Islands had a 'limited understanding' of its TF risk and vulnerability, and could not confirm whether the absence of investigations or prosecutions therefore fairly reflected its actual risk profile. The TFRA was specifically intended to address this deficiency. CFATF's 2nd FUR (2021) noted both the TF Risk Assessment and the NPO TF Risk Assessment (2019) in addressing this issue, and raised no concerns with either document.

79 The FRA provided an analysis of Suspicious Activity Reports (SAR) from 2020-2024. A small proportion of SARs each year involved terrorist financing. FRA officials stated that SARs relating to terrorism financing usually concern requests for information, and very few results in any official action. None of the SARs related to terrorist financing involved NPOs.

[39]19, *Terrorist Financing National Risk Assessment* (The Anti-Money Laundering Steering Group, 2020)

Table 6: SARs received with suspicions of terrorism or terrorist financing (Source: Financial Reporting Authority)

Year	2020	2021	2022	2023	2024
Total number of cases received by the FRA	1,021	1,025	1,586	1,501	1,395
Total number of cases with suspicions linked to TF or Terrorism (all sectors)	18	10	15	17	26

80 At the time of writing, the Cayman Islands was conducting an updated National Risk Assessment. Officials from the CIMA, FRA and RCIPS were asked if the analysis of the general, terrorist and TF threat context presented in the NRA, TFRA and NPO TF Risk Assessment remained accurate. They confirmed that there had been no new cases, intelligence or analysis since then which materially altered their understanding of the threat context.

3.2 Data on the TF Risk to NPOs in the Cayman Islands

81 FATF requires that counties identify the nature of the TF risks posed to NPOs[40] as part of the risk assessment. IO.10 asks countries to demonstrate that it "*has a good understanding of the terrorist financing risks*".

Qualitative evidence of terrorist financing abuse of NPOs

82 Officials from the FRA, CIMA, CIBFI, ODPP, CBC, DCI, General Registry and ACC were asked to provide statistics on the number of cases, prosecutions or convictions involving NPOs and terrorist financing in the period since the last NRA (2020). They confirmed that there had been zero (0) known cases.

83 The 2021 NRA reported that between 2017 and 2020, the FRA received 20 SARs classified as TF. Of those, 11 were disclosed to the RCIPS, 5 to overseas FIUs, 3 to the CIMA, and 1 to immigration (Customs Borders and Control). Six SARs were closed with no further action and 3 were in progress.[41] None related to NPOs.

84 The FRA provided analysis which confirmed that no SARs had been received since 2020 involving NPOs and suspicions of terrorism or TF. A total of seven SARs involving NPOs related to other concerns.

Table 7: SARs received relating to NPOs (Source: Financial Reporting Authority)

Year	2020	2021	2022	2023	2024
Total number of cases received by the FRA	1,021	1,025	1,586	1,501	1,395
Total number of cases involving NPOs linked to TF or Terrorism	0	0	0	0	0
Total number of SARs involving NPOs	0	2	2	2	1

85 The NPO TF Risk Assessment published in 2019, the TFRA published in 2021, and the NRA published in 2021 found no evidence of TF abuse of NPOs.

86 The NRA reported a case study involving an NPO (case study 15). A disclosure stated that an NPO in a foreign jurisdiction transferred US$300,000 to another NPO in the same jurisdiction via a Category B bank in the Cayman Islands. The recipient NPO was allegedly a designated terrorist entity. Subsequent investigation confirmed that no funds were sent to the designated entity from the first NPO from the date the entity was designated, and the investigation was closed.

87 A review of all terrorism-related investigations reported in the TFRA revealed one case involving a non-Caymanian individual that had received military training from suspected radicals in another regional jurisdiction, and had received funds from numerous third parties via a Cayman Islands NPO. Some of these funds originated from an individual located in the Middle East. The investigation into the Cayman Islands NPO resulted in no further action being taken.[42]

88 The NPO TF Risk Assessment published in 2019 cited one intelligence report linking a Cayman Islands NPO with potential terrorism financing, However, no allegations were substantiated, and no enforcement action was taken.

89 Discussions with officials from the agencies listed above revealed no new or unreported information on TF abuse of NPOs.

Perceptions of the potential terrorist financing risk to NPOs in Cayman Islands

90 The NPO TF Risk Assessments published in 2017 and 2020 the TFRA and the NRA all concurred that the TF risk to NPOs is low.

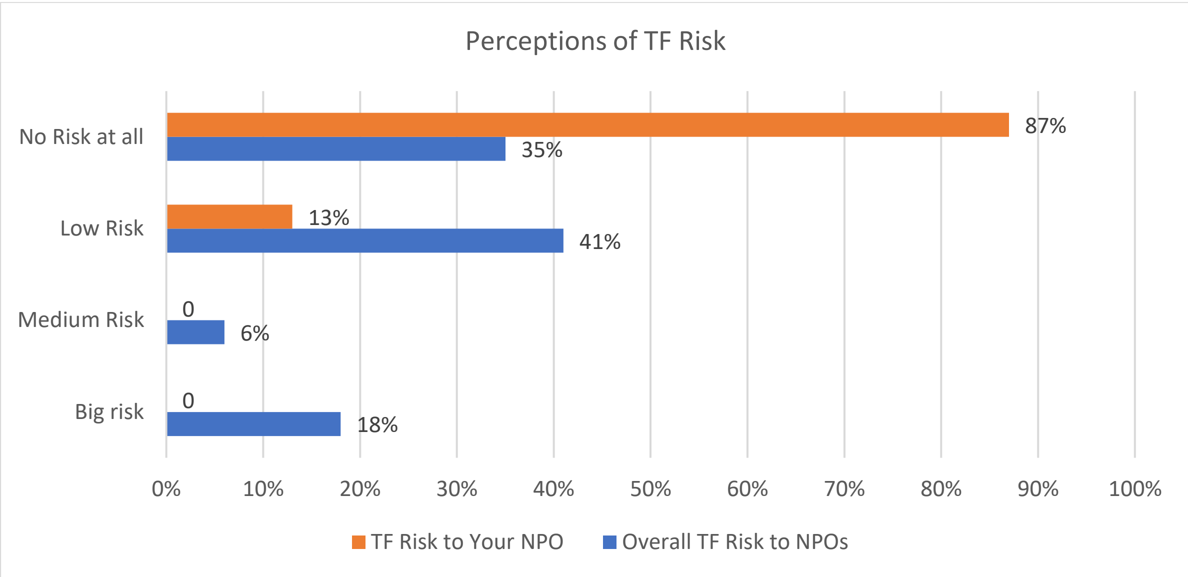
[40] 6b, Interpretive Note to Recommendation 8
[41] 678, *National Risk Assessment 2021* (2022)
[42] 44, *Terrorist Financing National Risk Assessment* (The Anti-Money Laundering Steering Group, 2020).

91 Officials from the eight supervisory and law enforcement agencies listed above were interviewed about their perceptions of terrorist financing risks to the NPO sector. Overall, there was a consensus that the TF risk was low, specifically in relation to the raising or using funds for TF through NPOs in the jurisdiction.

92 The NPO Survey questioned NPOs on their perceptions of TF risks, both to the sector in general and to their own NPOs. For unknown reasons, the response rate to these questions were very low (11%, compared to at least 95% for all other questions). The responses must therefore be treated with some caution.

93 The responses revealed a pattern of NPO respondents assessing their own NPO as exposed to little or no risk, with 87 % of respondents assessing the risk as 'none', and no respondents rating it as medium or high. However, when asked to assess the risk to the NPO sector as a whole, these same respondents rated it much higher. Just 35% rated the risk as 'none', and 24% rated it as medium of high. Indeed, NPOs rated the risk to the sector as a whole higher than law enforcement or supervisory officials.

Figure 11: Perceptions of terrorist financing risk amongst NPOs (Source: NPO survey).



Analysis of broader vulnerability of NPOs to serious financial crimes

94 This section analyses other serious financial crimes involving NPOs to provide context on potential vulnerabilities within the sector. It should be noted that none of the following cases involve TF suspicions in any way.

95 To provide further context, officials were asked about other forms of potential serious financial abuse of NPOs. The most significant case involved the Cayman Islands Football Association (CIFA), which is registered as an NPO. CIFA was utilised as a vehicle in a cross-border corruption and fraud case.

96 Law enforcement officials reported one ongoing case involving a community-focused NPO. Accountancy discrepancies, possible false invoicing and unusual banking practices were identified. Further investigations raised concerns about possible fraud and theft. Various 'Politically Exposed Persons' (PEPs) are involved with the NPO, and there are concerns about possible bribery. This case originated from three of the seven SARs involving NPOs reported in Table 7 (above).

97 Details on the four remaining SARs involving NPOs between 2020 and 2024 were provided by the FRA. These four SARs are related to three separate NPOs (to reiterate, these do not involve TF):

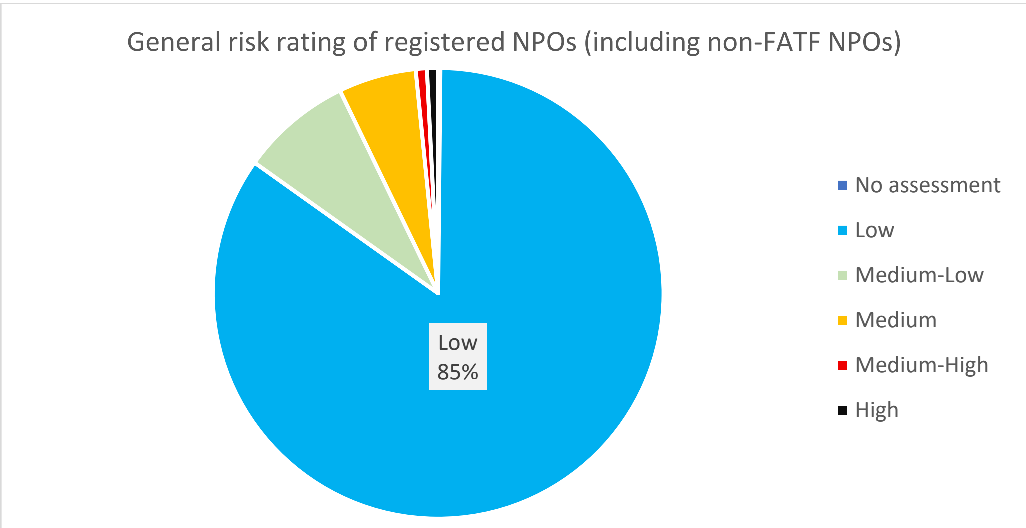
- A charitable organisation established to raise funds for a specific purpose for an individual was the subject of one case in 2021. FRA analysis is ongoing. [*Note – as an organisation with an individual beneficiary, this is unlikely to be a FATF NPO*].

- A Community Service organisation with unknown purposes was the subject of one case in 2021. No further action was taken by the FRA.
- A charitable organisation working with the disadvantaged within Cayman communities was the subject of 2 cases in 2023. A disclosure was made to law enforcement.

98 Officials were asked to provide an assessment of NPO's vulnerability to serious financial crime generally to enable the identification of potential vulnerabilities that may be exploited for TF. Many officials raised concerns about fraud, although their views differed on how significant this issue is within the sector. All interviewed officials were concerned about the potential misuse of religious organisations in confidence frauds, although no specific confidence fraud cases under investigation or prosecution were identified during the period under review by the respondents. Other vulnerabilities cited included: foreign links, particularly when involving high-risk tier one countries; corruption, particularly in relation to PEPs; and any NPO links with money service providers, crowd-funding, or Virtual Asset Service Providers (VASPs). Officials identified poor standards of governance or financial controls within certain NPOs as a vulnerability. No respondent considered that TF was a serious financial crime that NPOs are exposed to in the country.

99 The General Registry applies a risk assessment to all registered NPOs. This mechanism assesses a range of risks, including, but not limited to, those associated with TF. As of May 2025, five NPOs had been identified as high risk and six as medium-high risk, but in all cases this assessment was based on issues unrelated to TF. For information, the five NPOs comprised three religious and two community NPOs. Of the five medium-high risk NPOs, two are religious, one sporting, one philanthropic, and one is not a FATF defined NPO.

Figure 12: Risk rating of registered NPOs. (Source: General Registry)



100 Written submission and discussions with representatives from financial institutions illustrated specific concerns which impact their assessment of individual client risk within an NPO. Factors considered included:

- Nature of Activities: NPOs involved in high-risk areas such as conflict zones or those providing humanitarian aid may be rated higher risk due to potential exposure to terrorist financing or other illicit activities.
- Geographical Scope: NPOs operating or transacting internationally or in regions with political instability, high corruption, or conflict are often considered higher risk.
- Funding Sources: The origin and diversity of funding sources. For example, NPOs with transparent and diverse funding sources are generally rated lower risk, while those with opaque or single-

source funding may be rated higher risk. Other high-risk indicators are funds accumulated via cash collections and bank deposits, extensive third-party payments including personal and corporate sponsorship as well as government-linked funding.

- Financial Management and Transparency: Effective financial management practices and transparency in operations can lower the risk rating. This includes regular audits, clear financial reporting, and robust internal controls.
- Governance Structure: Risks are mitigated by NPOs with strong governance structures, including a well-defined board and management practices, and a professional and experienced board. NPOs with weak governance may be rated higher risk.
- Historical Performance and Reputation: The past performance and reputation of the NPO influence its risk rating. Organisations with a history of compliance and positive impact are viewed more favourably. Reports of fraud perpetrated against the organisation by illicit internal or third-party actors would negatively impact the assessment.
- Sector Environment: The overall environment of the NPO sector, including public trust and confidence, can affect risk ratings. Negative events or scandals within the sector can increase the perceived risk.
- Association with PEPs and government departments increase the perceived risk.

Characteristics of NPOs potentially at risk

101 Analysis in the NPO TF Risk Assessment of 2019 identifies three specific characteristics as associated with service providing NPOs likely to be 'at risk' of terrorist financing:

i. NPOs that send or receive funds to/from high-risk jurisdictions.

ii. NPOs that are managed or controlled by foreign national(s) from a high-risk jurisdiction.

iii. NPOs that have no clear link with the Cayman Islands (i.e. the source of income, activities/expenditure and control of the NPO are all predominantly off-island).

102 Officials and private sector representatives were asked to consider what form TF abuse of NPOs in the Cayman Islands might take if it were to occur. These were speculative considerations, as there is no evidence that these forms of abuse have ever occurred. They identified the following four typologies:

i. International transactions by smaller NPOs without robust internal mechanisms, particularly in situations involving natural disasters or high-risk jurisdictions. There was particular concern about churches looking to provide humanitarian support overseas.

ii. Risks originating within the diaspora. Whilst no officials questioned the official analysis that there is no evidence of domestic support for terrorism, the potential risk from diaspora communities from high-risk jurisdictions was noted. Compounding this was an awareness of TF typologies involving diaspora communities using NPOs to fund extremist or separatist groups in their homelands. However, officials recognised that the ease of sending funds via remittances may obviate the need to use an NPO in such a transaction.

iii. Foreign NPOs implicated in TF misuse of the financial services industry. This reflects an awareness of a general terrorist financing threat to the jurisdiction. NPOs are not a central feature of this threat, but, like any legal entity, could be involved. VASPs and Category B banks are seen as the most likely entry points.

iv. Misuse of funds raised online or via crowdfunding sites for international causes. Officials have observed this form of fundraising emerge recently, and are conscious of the potential for abuse. Social media is a major feature of Caymanian society. Online fundraising methods can be ambiguous about the status of the fundraising individuals or bodies, and lack traditional forms of accountability.[43] The causes are sometimes politically sensitive and adjacent to extremist or terrorist groups.

[43] FATF's report *Crowdfunding for Terrorism Financing* (FATF 2023) provides its analysis of the problem. See next section for more.

3.3 Comparative analysis of regional and global assessments

103 Cayman Islands is a small jurisdiction, and is assessed as being at low risk of terrorist financing abuse. These factors mean there is little or no primary data on terrorist financing abuse of NPOs to analyse. FATF states that "*information from foreign authorities can help provide competent authorities with a better understanding of the TF risk environment in which NPOs are operating, and context surrounding instances of abuse and circumstances of risk.*"[44] This section undertakes a comparative analysis of assessments from the region and globally to identify areas for consideration as a potential-TF risk in the Cayman Islands context.

NPO Terrorist Financing Risk Assessment from jurisdictions with similar characteristics

104 The following risk assessments from the broader region and similar jurisdictions were consulted to provide comparative and contextual analysis. A summary of their conclusions is provided in Table 8.

- British Virgin Islands: *2024 Virgin Islands Non-Profit Organisations Terrorist Financing Risk Assessment* (FIA, 2024).
- Jersey: *National Risk Assessment of Non-Profit Organisations of the Bailiwick of Jersey* (Government of Jersey, 2022).
- Mauritius: *Terrorist Financing Risk Assessment for the NPO Sector in Mauritius (*unpublished, 2020).
- Seychelles: *Terrorist Financing Risk Assessment for the NPO Sector in Seychelles (*unpublished, 2023).
- Trinidad and Tobago: *National Risk Assessment: Assessing the Risk of Abuse of Non-Profit Organisations (NPOs) for Terrorist Financing* (unpublished, 2024).

Table 8: Comparison of NPO TF Risk Assessment findings from similar jurisdictions. (Sources: as stated)

Jurisdiction	Overall Risk	Specific potential risk factors noted
British Virgin Islands	LOW	'Service provision' NPOs. Cross-border activities. Foreign affiliation and/or control.
Jersey	MEDIUM-LOW	Operate in higher risk jurisdictions. Use of partners. Use of money remittance methods such as cash.
Mauritius	LOW-MEDIUM	Cross border movement of funds. Alternative sources of funds and remittance systems. Involvement in complex international transactions or structures. Cash fund-raising from anonymous sources. Ethnic or religious activities. Trusts.
Seychelles	LOW	Proximity to communities sympathetic to extremist causes. Unregistered NPOs.

[44] 79, Best Practices Paper

		Funding from foreign sources. Unverifiable funding sources. Unverifiable controllers of NPOs. Foreign infiltration of religious associations. Trusts and foundations (that meet the FATF definition of NPO).
Trinidad and Tobago	LOW	Educational and social NPOs (medium inherent vulnerability). Cross-border transactions in high-risk jurisdictions. Use of wire transfers and remittances. De-risking disrupting legitimate activities.

105 None of the assessments identified any specific suspicions or instances of TF abuse of NPOs in their jurisdictions. The assessments all concur that the overall TF risk to NPOs in their jurisdictions is low/low-medium.

106 The analyses concur on a potential risk related to cross-border activity, be it operations (British Virgin Islands, Jersey) or movement of funds (Mauritius, Seychelles, Trinidad and Tobago), particularly where it involves high-risk jurisdictions (Jersey; Trinidad and Tobago).

107 Ethnic or religious NPOs are identified as being more exposed to risk in Mauritius and Seychelles. Trinidad and Tobago identified educational and social NPOs as being more exposed.

108 Concerns about unverifiable funding methods were mentioned in all assessments except British Virgin Islands, with specific concerns about money remittances (Jersey, Mauritius, Trinidad and Tobago); and cash (Jersey, Mauritius).

109 Concerns about foreign or unverifiable controllers were identified in British Virgin Islands and Seychelles. Similarly, Seychelles and Mauritius identified risks from specific legal vehicles or structures associated with their position as international financial centres.

110 Trinidad and Tobago identified risks to NPOs' legitimate activities arising from de-risking by financial institutions.

Assessments of the global TF Risk to NPOs

111 Without prejudice to a jurisdiction's assessment of its own risk, FATF noted some specific risks, vulnerabilities and typologies. Chiefly this comprises specific risks raised in the recommendations and guidance, and more focussed analysis in the *Risk of Terrorist Abuse in Non-Profit Organisations* (FATF, 2014), referred to in the report as the 'Typologies report'.

112 The *Typologies Report* (2014) identifies five categories of abuse or risk:

- ***The diversion of funds***. The most common observed form of abuse in 2014, most often involving actors internal to the NPO (although abuse by external actors is also noted). At the fundraising phase, the interception of cash was predominant. By contrast, multiple avenues were abused in the retention and transfer phase, including regulated channels.
- ***Affiliation with a terrorist entity***. Cases range from informal personal connections between NPO directing officials and terrorist entities, to more formalised relationships between NPOs and terrorist entities. Cases encompassed all phases in the collection, transfer, retention and expenditure of resources, and delivery of programmes.
- ***Support to recruitment efforts.*** Instances where NPO resources were used to promote causes directly associated with terrorist violence were observed at the collection, transfer and delivery

phases of NPO operations, both domestically and internationally. This includes hosting events, and the publishing and distribution of materials supporting terrorism.

- ***Abuse of programming***. This covers cases where the flow of resources was legitimate, but NPO programmes were abused at the point of delivery. Case studies demonstrate varying levels of involvement of actors both internal and external to NPOs.
- ***False representation.*** Either the establishment of 'sham' NPOs; or persons falsely representing themselves as agents of legitimate NPOs. The purpose is to raise funds, promote causes or carry out other activities in support of terrorism.

113 Other observations from the Typologies Report include:

- The NPOs most at risk are:
  - those engaged in 'service' activities (with no cases observed in 'expressive' NPOs).
  - those who operate in an area of conflict with terrorist activity.
  - those who operate within a population that is actively targeted by a terrorist movement for support and cover.
- Homegrown and self-starter entities also pose a threat to the NPO sector, and a focus on foreign activities risks leaving domestic NPO activities open to abuse.
- Other vulnerabilities include extended logistical networks; a large transitory workforce; high operational capacity in terms of resources, access to networks, and substantial public trust; and strategic shocks (such as natural disasters) that result in a spike in demand for NPO funds.

114 The Interpretive Note and Best Practices Paper note that in rare cases, terrorists and terrorist organisations may exploit NPOs to:

- raise and move funds.
- provide logistical support.
- encourage terrorist recruitment.
- provide a veil of legitimacy.
- or otherwise support terrorist organisations and operations.[45]

115 The Interpretive Note notes that terrorist organisations may exploit NPOs by infiltrating them to misuse funds and operations to cover for, or support, terrorist activity; or create sham NPOs or engage in fraudulent fundraising for these purposes.[46]

116 By contrast, NPOs may be considered low risk if they "*are not conducting activities in direct proximity (domestically or abroad) to active threat areas or populations, do not receive funding from entities in proximity to active threat areas, or do not move funds to or through such areas. Such considerations may be particularly relevant for NPOs working domestically in countries that have a low exposure to TF risks in general*."[47]

117 The FATF publication *Crowdfunding for Terrorism Financing* (2023)[48]notes the abuse of humanitarian, charitable or non-profit causes as one of four typologies. Often, this does not involve 'FATF-defined' NPOs. However, cases were observed involving sham NPOs, and other cases involving legitimate NPOs whose operations in high-risk environments were subsequently abused.

[45] 3, Interpretive Note to Recommendation 8 and 2, Best Practices Paper
[46] 3, Interpretive Note to Recommendation 8
[47] 43, Best Practices Paper
[48] https://www.fatf-gafi.org/en/publications/Methodsandtrends/crowdfunding-for-terrorism-financing.html

3.4 The Terrorist Financing Risk to NPOs in the Cayman Islands

The nature of the terrorist financing and terrorism threat[49]

118 The National Risk Assessments (2021) and Terrorist Financing Risk Assessments (2020) concluded that the terrorist and TF risks in the Cayman Islands are low. Analysis notes the absence of sympathies for terrorism in the local populations, and the low likelihood that funds for terrorism would be raised or used in the Cayman Islands. The only noted area of concern related to the potential for the use of the Cayman Islands financial services industry or legal entities to facilitate the movement of funds for TF purposes.

119 Interviewed officials were aware of no incidents that had occurred since the publications of these reports which might materially affect their conclusions.

The overall level of terrorist financing risks to NPOs;[50]

120 The National Risk Assessment, the Terrorist Financing Risk Assessments and two NPO TF Risk Assessments concurred that the TF risk to NPOs is low. Interviewed officials were aware of no suspicions, incidents, or cases of TF in the NPO sector. No Suspicious Activity Reports relating to TF in NPOs have ever been received. 83% of respondents to the NPO survey rated their own exposure to TF risks as 'none', with the remaining 17% rating it as 'low'.

121 A simple explanation for the lack of direct evidence of TF abuse of NPOs is that no such abuse has occurred. However, as noted in the MER (2019), the NRA and TFRA, the difficulties in detecting TF means that a conclusion that there has been no abuse cannot be assumed.

122 Nevertheless, two factors support a conclusion that the most likely explanation for the lack of evidence is a lack of abuse. First, as noted in the CFTAF Follow-Up Reports and in discussions with authorities, in recent years the Cayman Islands has considerably strengthened its capabilities in detecting potential TF abuse. Officials highlighted various improved measures, including constant monitoring and reviews of activities within the financial sector; rigorous inspections of supervised entities; sample testing of transactions, cash flows and virtual assets, particularly in relation to high-risk jurisdictions; improved training of staff; and improved technologies; and enhancements in communication mechanisms for designations to supervised entities and NPOs. Officials asserted their confidence that any TF abuse would be detected.

123 Secondly, comparative analysis with five jurisdictions with similar characteristics suggests that an assessment of the TF risk to NPOs as low would be entirely consistent with the experiences of peers. None of the five jurisdictions analysed found any suspicions or evidence of TF abuse of NPOs, and all concluded that the overall TF risk to NPOs was low or low-medium.

124 In conclusion, **the risk of terrorist financing abuse of NPOs in Cayman Islands is assessed as LOW.**

Risk of terrorist financing abuse of NPOs in Cayman Islands: ***LOW***

[49] Example b.10. Immediate Outcome 10; Paragraph 24, Best Practices Paper

[50] 8.1(b) of the FATF Methodology, and Notes to Assessors and Example b.10 from Immediate Outcome 10.

3.5 Characteristics of the Potential TF Risks Posed to NPOs

125 FATF states that "*NPOs are at varying degrees of risk of TF abuse by virtue of their types, activities or characteristics".* [51] It recognises that *"the majority* [of NPOs] *may represent low risk"*[52] and "*In most circumstances, only a marginal portion of NPOs would be facing a "high risk" of TF abuse*…"[53] Accordingly, "*Some authorities decide to categorise NPOs according to the different levels of risks they may face, for example low, medium to high,"* and should look to identify the most at-risk NPOs.[54]

126 The risk of TF abuse of NPOs in the Cayman Islands is low. No specific type of NPO or NPO activity is assessed as being at high risk. However, in line with the low risk tolerance of the authorities and the private sector, and with FATF requirements[55], the following analysis is provided as guidance on the characteristics one might expect to observe should any TF abuse of NPOs occur. This is based on the expert opinion of officials and private sector representatives; analysis of peer jurisdictions and global trends; and analysis of the characteristics of other serious financial abuse of NPOs within the jurisdiction.

Table 9: Characteristics of the most at-risk NPOs or NPO activities.

Core characteristics	**Compounding factors**
Funds sent to a high-risk jurisdiction through a Cayman Islands NPO.	Sent by diaspora community. Sent by religious community. Small NPOs lacking robust internal controls. Sent in reaction to a humanitarian disaster.
Funds received by a Cayman Islands NPO from a high-risk jurisdiction.	Recipient NPO lacks robust internal controls.
NPOs controlled by individuals from high-risk jurisdictions.	Religious NPO.
Funds sent to/from a foreign NPO through a Cayman Islands-based financial services provider.	Involves a VASP or Category B bank. Involves a high-risk jurisdiction. Involves complex scheme.
Funds raised online for sensitive foreign causes.	Ambiguity about status of fundraiser. Involves a high-risk jurisdiction.

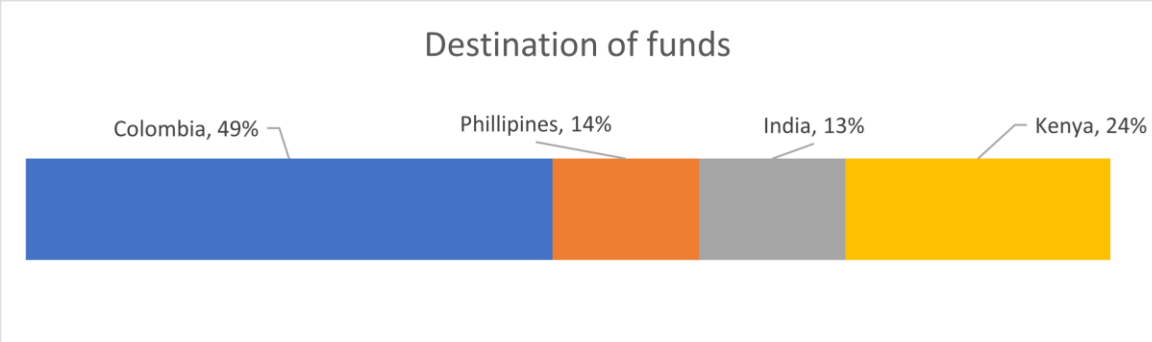
[51] Footnote 59, the FATF Methodology
[52] Footnote 59, the FATF Methodology
[53] Paragraph 21, Best Practices Paper
[54] Example b.10. Immediate Outcome 10; see also figure 10 (above), from Best Practices Paper.
[55] 8.1(b) of the FATF Methodology, and Notes to Assessors and Example b.10 from Immediate Outcome 10.

Analysis Box 2: NPOs sending funds to high-risk jurisdictions

The General Registry's risk assessments of NPOs provides detailed data on transfers of funds by NPOs to jurisdictions they designate as high risk. From 2019-2024, a total of CI$137,203 was sent to four high-risk jurisdictions through 50 transactions. The transfers are equivalent to 0.029% of the income of the sector over that period.

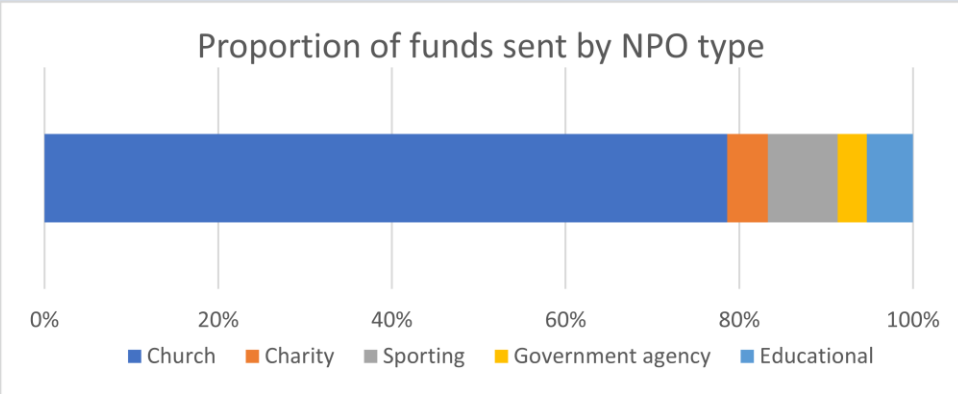
Nearly half of the funds were sent to Colombia, and the rest to the Philippines, India and Kenya.

Figure 13: Destination of funds sent to high-risk jurisdictions. (Source: General Registry)



Churches were the source of the great majority of funds, totalling 79% of all funds sent. In terms of the other 'compounding factors' the figures do not suggest that significant funds are being sent to high-risk jurisdictions by diasporas or for humanitarian disasters.

Figure 14: Proportion of funds sent by NPO type. (Source: General Registry)

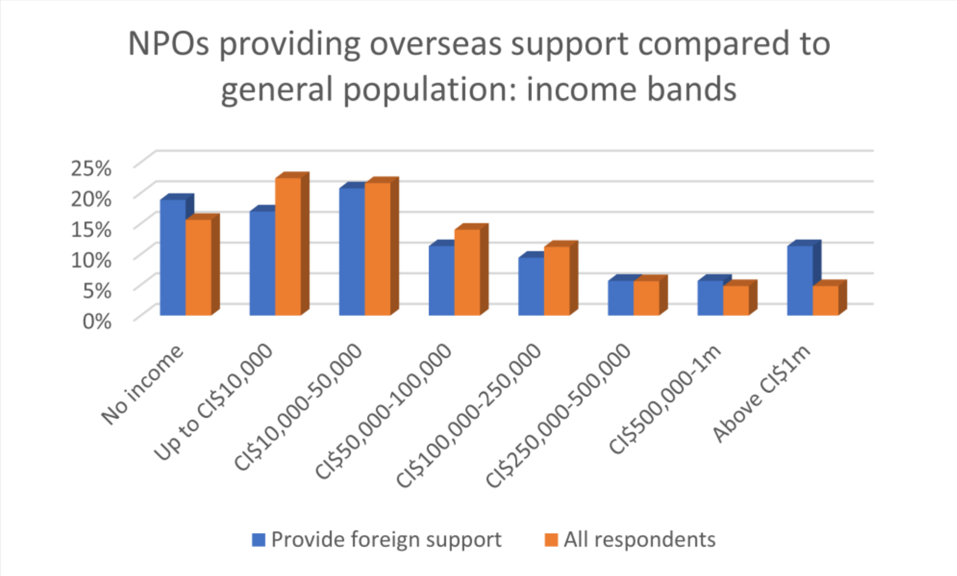


The official data does not indicate the size of the NPOs involved in sending funds overseas. The NPO survey asks respondents to indicate if they have sent funds or supported projects overseas, and also allows analysis of the type of NPO. However, this covers all overseas funding, and cannot identify NPOs sending funds to higher-risk jurisdictions specifically.

The income profile of NPOs providing overseas support in the survey data is broadly similar to that of the general population. In contrast to the profile of NPOs receiving foreign funding (see Analysis Box 3), the figures suggest that small NPOs are more than willing to provide overseas support, despite the added complexity and risk. This increases the potential risk profile of this activity.

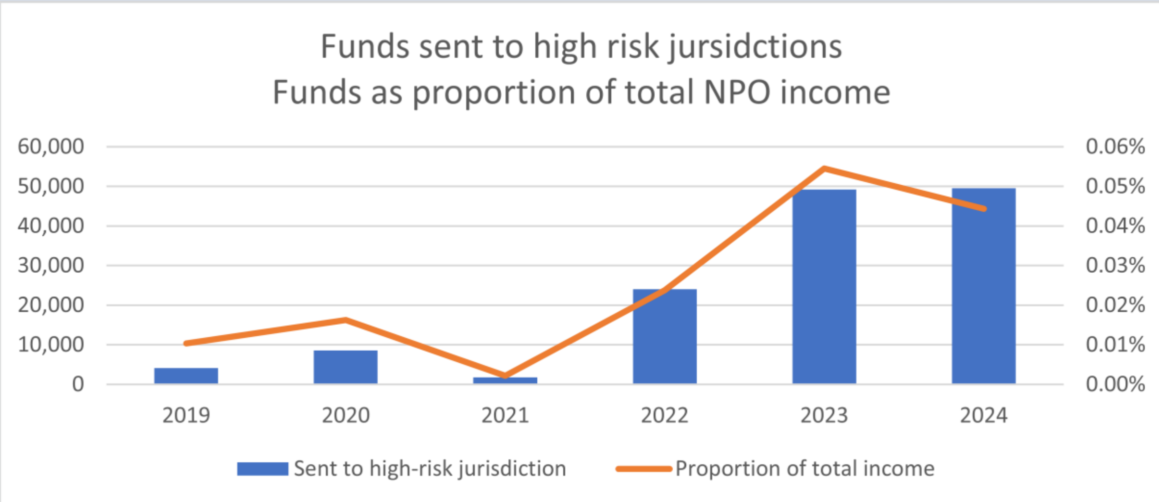
NPOs sending funds to high-risk jurisdictions

Figure 15: Income bands of NPOs providing overseas support. (Source: NPO Survey)



The trend for sending funds to higher risk jurisdictions has been increasing, both in terms of the total amount sent and as a proportion of all NPO funding. However, even with this increase, the proportion of the total remains very small at just 0.04% in 2024 (equivalent to CI$1 in every CI$2,500 spent). To meet FATF requirements for proportionality, any further regulatory response would require careful targeting at this very small segment of NPO activity.

Figure 16: Total funds sent to high-risk jurisdictions / Funds as a proportion of total NPO income. (Source: General Registry)

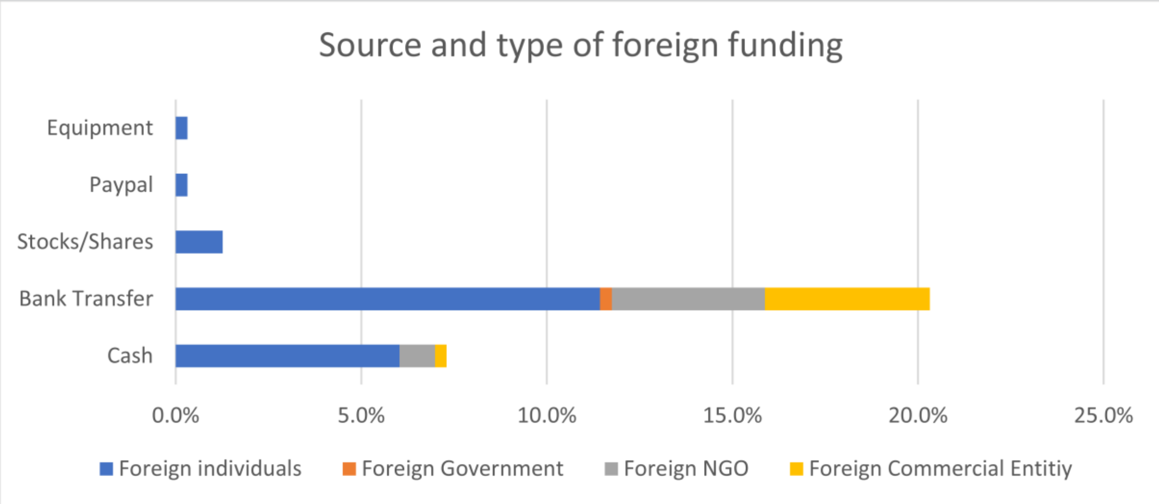


Analysis Box 3: NPOs receiving foreign funds

There is no official data on NPOs receiving funds from jurisdictions identified as being high-risk. However, the NPO survey allows analysis of NPOs that reported receiving funds from any jurisdiction.

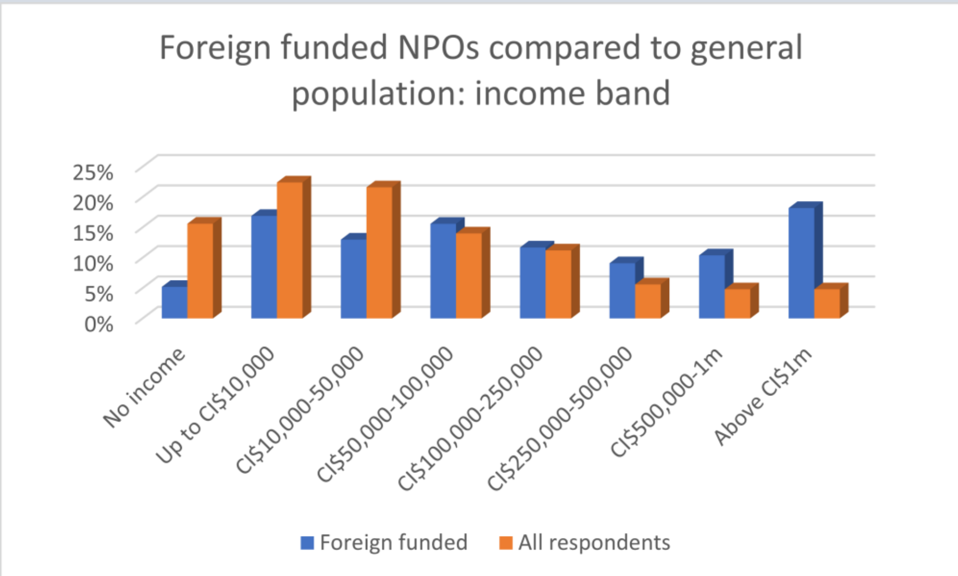
In total, 77 out of 315 unique respondents indicated that they received some form of foreign funding (24%). Of those, 55 provided details on the nature of that support. The number of NPOs receiving bank transfers outnumbered those receiving cash donations 3:1. Foreign individuals were named as sources by 70% of all responding NPOs, contrasting with 17% of respondents identifying NGOs, and 16% commercial entities. Just one NPO reported receiving funding from a foreign government.

Figure 17: Source and type of foreign funding (multiple answers permitted) (Source: NPO Survey)



Comparing foreign funded NPOs to the general population, foreign funded NPOs are more likely to have an income in excess of CI$100,000, and less likely to have an income below that figure. The discrepancy grows towards the extremes, with a foreign funded NPO three times more likely to have an income of more than CI$1million.

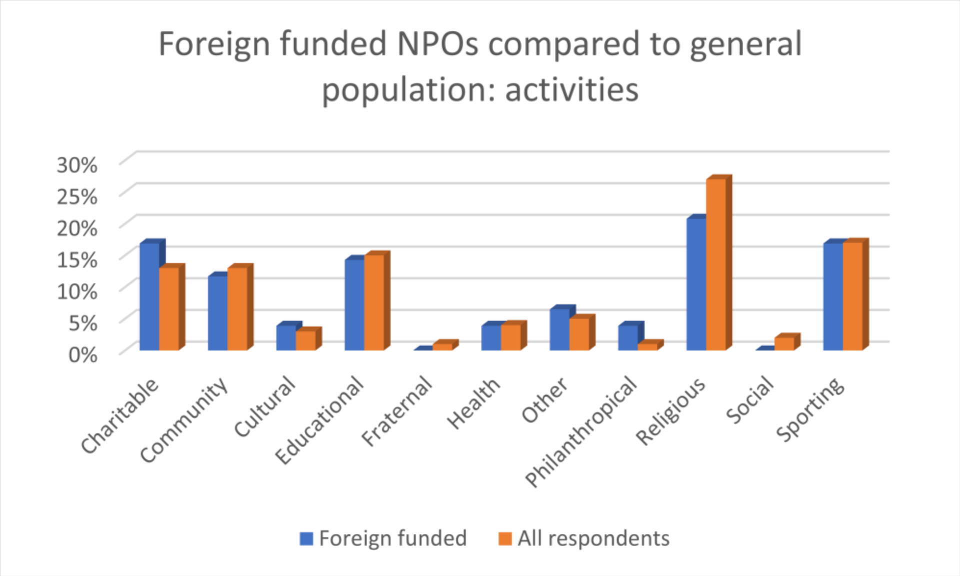
Figure 18: Income bands of foreign funded NPOs. (Source: NPO Survey)



NPOs receiving foreign funds

By contrast, the profile of activities of foreign funded NPOs is very similar to the general population. Religious NPOs are slightly less likely to receive foreign support, whereas charitable or philanthropic NPOs are slightly more likely.

Figure 19: Activities of foreign funded NPOs. (Source: NPO Survey)



Foreign funding by its nature presents greater challenges in verifying the legitimacy of the source. The profile of foreign funding revealed by the data provides concerns and comfort. It is dominated by non-institutional sources, which are harder to verify, particularly if foreign. However, the funds are three times more likely to be sent through formal channels than informal; and the recipient NPOs are more likely to be larger. Both of these factors mitigate the risk.

Analysis Box 4: NPOs with foreign controllers

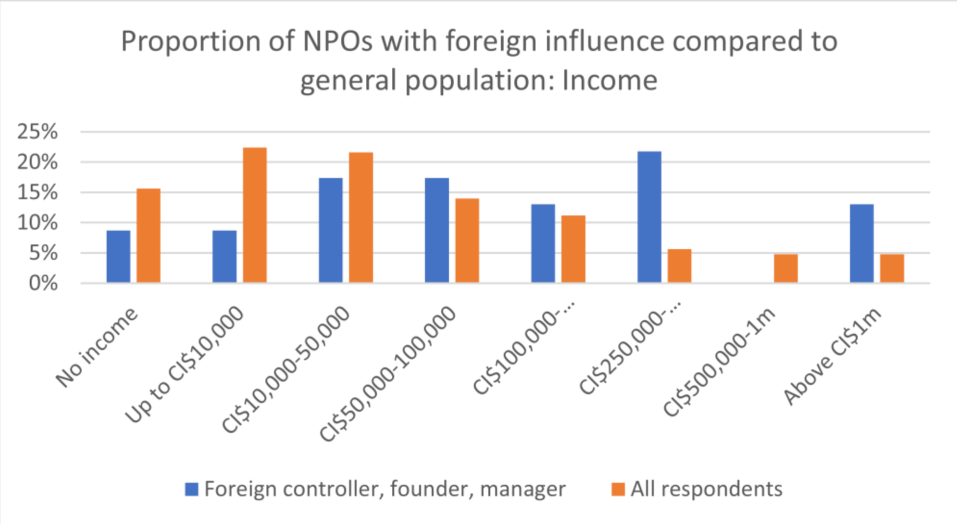
Official data provided by the General Registry identifies 25 NPOs with foreign controllers on the register of NPOs. 22 of these 25 were identified as FATF NPOs, comprising 3.4% of registered FATF NPOs. The listed activities of these NPOs were religious (10), community (6), educational (3), cultural (1), sporting (1) and charitable (1). Eight of these NPOs responded to the NPO survey, which is too small a number to support more detailed analysis.

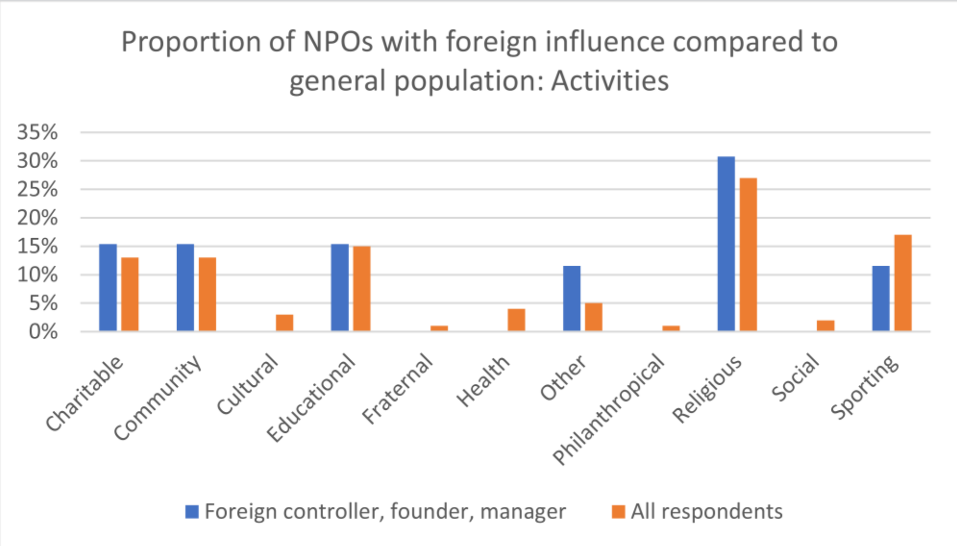
In the NPO survey, respondents were asked to identify if their NPO was '*established, overseen or managed by foreign citizens, in whole or in part*'. This is a broader test than the 'foreign controllers' test. A total of 23 unique FATF NPOs responded yes, comprising 9% of the total.

Figures 20, 21 and 22 analyse NPOs '*established, overseen or managed by foreign citizens'* by comparing their responses on a range of metrics against the responses from all NPOs.

This analysis shows that NPOs with foreign citizens in a position of influence are significantly more likely to have a larger income than the general population. This may be considered to reduce the overall risk profile. There is little difference in the profile of activities, with NPOs with foreign influence only slightly more likely to have religious, charitable or community activities.

Figures 20 and 21: Features of NPOs with foreign influence compared to general population. (Source: NPO Survey).

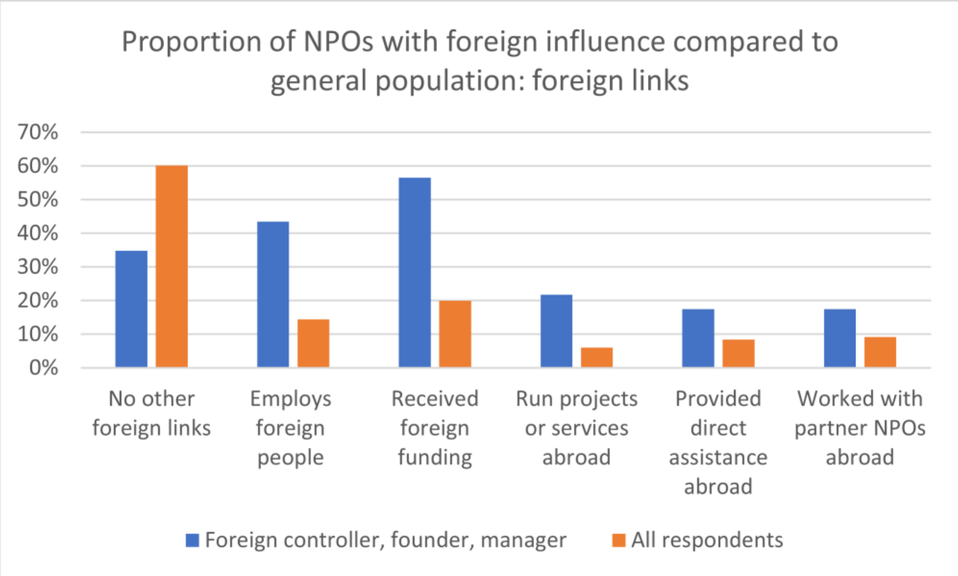




NPOs with foreign controllers

The survey data does reveal a strong link between NPOs with foreign controllers, founders and managers, and other foreign links. Figure 22 compares the proportion of NPOs with foreign influence reporting other foreign links to the proportion of all NPOs reporting on the same metric. This shows that NPOs with foreign controllers, founders or managers are roughly twice as likely to work with NPO partners overseas or provide direct assistance overseas; roughly three times as likely to receive foreign funding or employ foreign people; and nearly four times as likely to run projects or services abroad. At the very least, it can be concluded that an NPO having foreign citizens in positions of influence is a strong indicator that other potential risk factors may be present.

Figure 22: Other foreign links of NPOs with foreign influence compared to general NPO population (Source: NPO Survey).



4. Assessment of Measures to Mitigate the TF Risk to NPOs in the Cayman Islands

4.1 Methodological approach to assessment of mitigating measures

127 R8 states that "*Countries should have in place focused, proportionate and risk-based measures, without unduly disrupting or discouraging legitimate NPO activities, in line with the risk-based approach. The purpose of these measures is to protect such NPOs from terrorist financing abuse.*"

128 Only mitigating measures which apply to NPOs which fall within the FATF definition should be considered.[56] For these NPOs, the assessment should consider:

- How well do NPOs understand the nature of TF threats posed to them; and
- To what extent are measures taken to identify, prevent and combat terrorist financing abuse of NPOs without unduly disrupting or discouraging legitimate NPO activities.

129 There are two special cases:

- NPOs suspected of being exploited by, or actively supporting terrorist activity or terrorist organisations, to which additional requirements apply.[57]
- NPOs identified as being at low risk of TF abuse, to which simplified requirements apply.[58]

130 Measures should:

- Protect NPOs from terrorist financing.
- Be focused.
- Be proportionate.
- Be risk-based.
- Not unduly inhibit legitimate NPO activity.[59]

131 The requirement that measures 'must not unduly disrupt or discourage legitimate NPO activity' requires jurisdictions to minimise the potential for unintended consequences.

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[56] IO.10 core issue 10.3
[57] IO10 Example b) 13
[58] IO10 Example b) 11; 7, Interpretive Note to R8; and 43, Best Practices Paper
[59] As stated in R8 and IO.10, paragraph 5 of the Interpretive Note, and in multiple places in the Best Practices Paper.

4.2 Measures to identify, prevent and combat abuse of NPOs at risk of terrorist financing

132 This section analyses measures which apply to NPOs that are potentially exposed to terrorist financing risks according to the conclusions reached in section 3.5 (above).

Targeted outreach to at-risk NPOs concerning relevant TF issues

133 This section assesses how well 'at-risk' NPOs understand the nature of TF threats posed to them and the measures needed to protect themselves from the threat of terrorist abuse.[60] Section 4.3 (below) notes the implementation of a sustained and comprehensive programme of outreach to all NPOs on terrorist financing.

134 The record of outreach events kept by the General Registry evidences some targeting of measures at specific sectors. For example, in 2024-25, three events were open to any NPO; three were targeted at churches; and three at school boards or PTAs. Similarly, the topic of the outreach varies, sometimes focussing on single topics (e.g. internal controls; risk and governance), and at others covering general issues (e.g. supervision; the risk assessment). In June 2025, preliminary findings from this risk assessment were used to adjust the outreach programme so that it specifically targets NPOs at higher-risk.

135 Events focussed on risk assessments include content on the nature of the TF risk, and how NPOs can protect themselves against it. The content of the outreach sessions was further adjusted to reflect the preliminary findings from the risk assessment in June 2025.

136 From August 2025, the General Registry has implemented 'Interactive Workshops', a proactive preventative initiative to improve compliance and mitigate a range of strategic risks including AML/CFT risks. NPOs registered from September 2024 were invited to the first 3 hour, in-person session. Going forward, all newly registered NPOs, and all NPOs reporting new controllers or officers, will be invited to workshops, with the aim that all relevant controllers and officers will have an opportunity to attend.

137 Measures to inform 'at-risk' NPOs of the threats posed to them and how to apply measures to protect themselves are assessed as adequate.

Focused, proportionate and risk-based measures, including oversight or monitoring of NPOs;

138 FATF identifies four specific elements of monitoring and oversight:

- Oversight.
- Monitoring.
- Sanctions.
- Self-regulatory mechanisms and internal controls.

139 Measures must be focussed, proportionate, risk-based, and must not inhibit legitimate NPO activity. Existing regulatory or other measures may already sufficiently address the current TF risk to the NPOs in a jurisdiction.[61]

140 *Oversight* mechanisms are less intensive and intrusive measures used to identify NPOs which require more intervention. It may include verification of registration data, periodic returns, updates or risk assessments, and monitoring of the risk environment.[62]

[60] IO10 Example b) 14
[61] 8.3b, Methodology
[62] 60, 63 Best Practices Paper

141 Oversight is the responsibility of the Compliance Unit. It is enacted through a risk-based assessment applied at three points in an NPO's lifecycle.

- At registration: All applicants for NPO status must complete an application form which includes specific indicators to assess risk. Analysis is undertaken using a risk matrix. Risks identified include TF risks. Higher risk NPOs are subject to monitoring (see below). Secondly, due diligence is routinely completed on all declared controllers and officers to ensure that they are a 'fit and proper person'. Third, officials are invited to an 'Interactive Workshop', which includes sessions setting out their reporting responsibilities.
- Change in a declared controller and officers: NPOs are required to inform the authorities whenever there is a change to a controller and officers of the organisation, at which stage the due diligence checks and risk assessment are repeated; and officials are invited to an Interactive Workshop.
- Annual returns: All NPOs are required to complete an annual return. NPOs whose gross income is equal to or exceeds KYD$250,000 and have sent 30% of the gross income overseas, are required to have their financial statements reviewed by a licensed Accountant or a duly qualified Accountant. The NPOs are also required to provide details on the total expenditure, the largest recipients and donors, and the main destinations for the funds.

142 Compliance with oversight measures is good and improving. Officials were confident that all NPOs that should be registered have done so. Since the introduction of the new NPO Act in 2017 and its revisions in 2020, compliance with annual returns has been improving to its current rate of 80%. The newly implemented Interactive Workshops include sessions reinforcing the compliance requirements for NPOs.

Table 10: Compliance with annual return submissions. (Source: General Registry)

	2019	2020	2021	2022	2023	2024
No. of NPOs Registered	487	524	558	578	608	630
No. of NPOs submitting Annual Returns	91	143	221	922[63]	304	503
Compliance rate	19%	27%	40%	160%	50%	80%

143 The oversight measures are assessed insofar as they enable the identification of NPOs that may be at risk of TF. The structure of an effective process is in place. Some small amendments and updates are needed to bring it in line with the latest FATF guidance and the current understanding of the TF risk. The General Registry should also continue its measures to improve compliance rates. These measures are assessed as largely adequate.

144 *Monitoring* covers a range of measures to ensure NPOs are complying with the legal and regulatory framework.[64] These are more intensive and proactive exercises. They are focussed on high-risk NPOs.[65]

145 The General Registry's risk assessment mechanism has identified five 'high risk' and four 'medium-high risk) FATF NPOs.[66] As noted in paragraph 99 (above), the risks being assessed are not just related to terrorist financing, and none of the ten higher-risk NPOs identified has TF risks. However, officials stated that the risk assessment mechanism functions as intended, and are confident that it would identify any TF-risks that were present.

146 There is an inspection process for higher-risk NPOs, with plans for all higher-risk NPOs to be inspected within the next twelve months. It is based on a three-stage process of desk-review, inspection, and on-site inspection and follow-up. The inspections are focussed on four broad areas (legal and governance; financial management and controls; project management; and risk management), and are designed to

[63] The figure was elevated in 2022 due to an audit that year.
[64] 59 Best Practices Paper.
[65] 61, Best Practices Paper
[66] Five registered NPOs have been identified as medium-high risk, but one of them is not a FATF NPO.

identify any deficiencies in the NPO's internal controls. Any deficiencies noted within the NPOs are the subject of recommendations, and the General Registry follows-up to ensure that they have been rectified.

147 The structure of an effective monitoring system is in place and is being implemented. The system is designed to address a range of risks, including but not limited to TF. It is observed to be functioning as intended in relation to non-TF risks, and it can be inferred that this would extend to TF risks should any emerge. These measures are assessed as adequate.

148 *Sanctions*: The General Registry has powers under the NPO Act to fine an NPO, cancel or suspend its registration, or fine or imprison its controller for specified breaches of the law (see s.16 and s.17 of the law). There are limited official powers to intervene in less serious cases of mismanagement. These measures are assessed as largely adequate.

149 *Self-regulatory mechanisms and internal controls measures* should be considered as part of the risk assessment.[67] No data has been collected on these measures as they apply to the categories of high risk or medium risk NPOs, and so no assessment can be made. An analysis of such measures as apply to the entire NPO sector (including high and medium risk NPOs) can be found in section 4.3.

Effective information gathering and investigation

150 FATF identifies four elements to information gathering and investigation:

- Cooperation, co-ordination, and information sharing
- Investigative expertise and capacity
- Access to information on NPOs during an investigation
- Prompt information sharing when suspicions arise.[68]

151 Some of these measures are assessed at a jurisdictional level in R.2 (National cooperation and coordination), R.30 (Responsibilities of law enforcement and investigative authorities) and R.31 (Powers of law enforcement and investigative authorities). The latest CFATF evaluations found the Cayman Islands Complaint with R2, and Largely Complaint with R.30 and R.31. No significant deficiencies were noted in relation to criteria R.8.5 or 8.6.

152 *Cooperation, co-ordination, and information sharing:* The 2nd Enhanced FUR noted the role of the Supervisory Forum in ensuring appropriate coordination and cooperation among supervisory authorities. The Registrar of Companies is a member of the supervisory forum, and as such the Forum's remit includes NPOs. The Cayman Islands is rated Largely Compliant on Recommendation 30 (National cooperation and coordination).

153 *Investigative expertise and capacity:* There is no specialist investigative facility for NPOs. NPOs under investigation would be investigated by CIBFI on the same basis as any other legal entity. The Cayman Islands is rated Largely Compliant on Recommendation 30 (Responsibilities of law enforcement and investigative authorities) and Largely Compliant on Recommendation 31 (Powers of law enforcement and investigative authorities).

154 *Access to information on NPOs during an investigation: Prompt information sharing when suspicions arise:* Section 10(4) of the NPO Act requires NPOs to furnish information and answer all written requests from the Attorney General. Section 5A(2)(g)(v) of the NPO Act sets out the specific powers of the General Registry to obtain and share information with the Attorney General, the DPP or law enforcement agency to facilitate a criminal inquiry or proceedings, including specific powers pursuant to the Terrorism Act (2018 Revision) or Proceeds of Crime Act (2025 Revision).

[67] 8.1(c) of the FATF Methodology, and 6c Interpretive Note to R8
[68] 8.5, FATF Methodology

155 No investigations have been opened into NPOs for TF. However, there have been a small number of investigations of NPOs by the ACC, CIBFI and General Registry in relation to other serious financial crimes. Officials reported no concerns in practice with the processes or timeliness of information sharing or coordination between relevant agencies. These measures are assessed as adequate.

Effective capacity to respond to international requests for information about an NPO of concern

156 FATF Recommendations 37 (mutual legal assistance), 40 (other forms of international cooperation) and IO.9 (FT Investigations and Prosecutions) assess a jurisdictions' capacity to respond to international requests for information. International cooperation in relation to requests about NPOs are assessed in R8, criterion 8.6. The Cayman Islands is complaint on R.37 and Largely Compliant on R.40. No deficiencies were noted in relation to criteria 8.6.

157 There are no specific measures to enable the sharing of information on NPOs. Any requests would be dealt with via the DPP, as for any other legal entity.

158 In the absence of any material changes which would question the FATF Evaluation of Recommendations 37, 40, IO.9 and R8.6, the capacity to respond to international requests for information about an NPO of concern are assessed as adequate.

4.3 Assessing approach to NPOs at low risk of terrorist financing

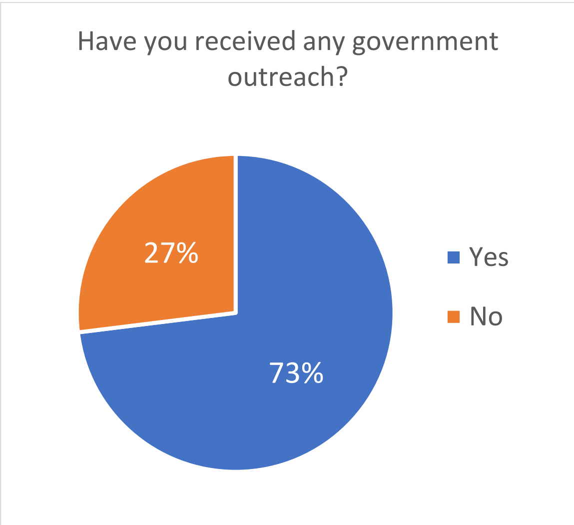
Outreach

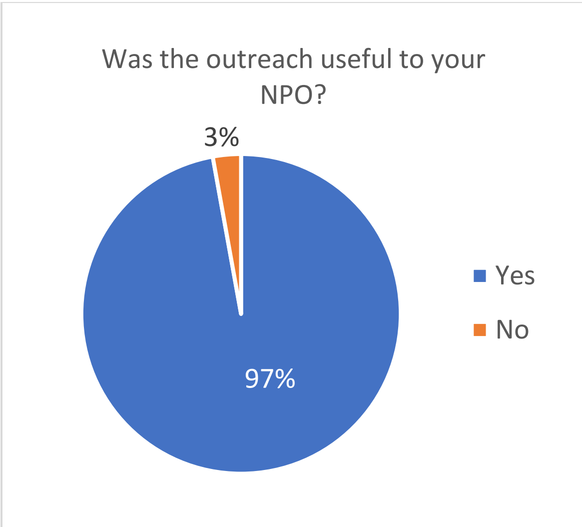
159 FATF states that for low risk NPOs, the assessment need only consider the extent to which the country's level of outreach is consistent with the level of identified risk.[69] These issues are covered in section 4.2 (above). This section is focussed on outreach.

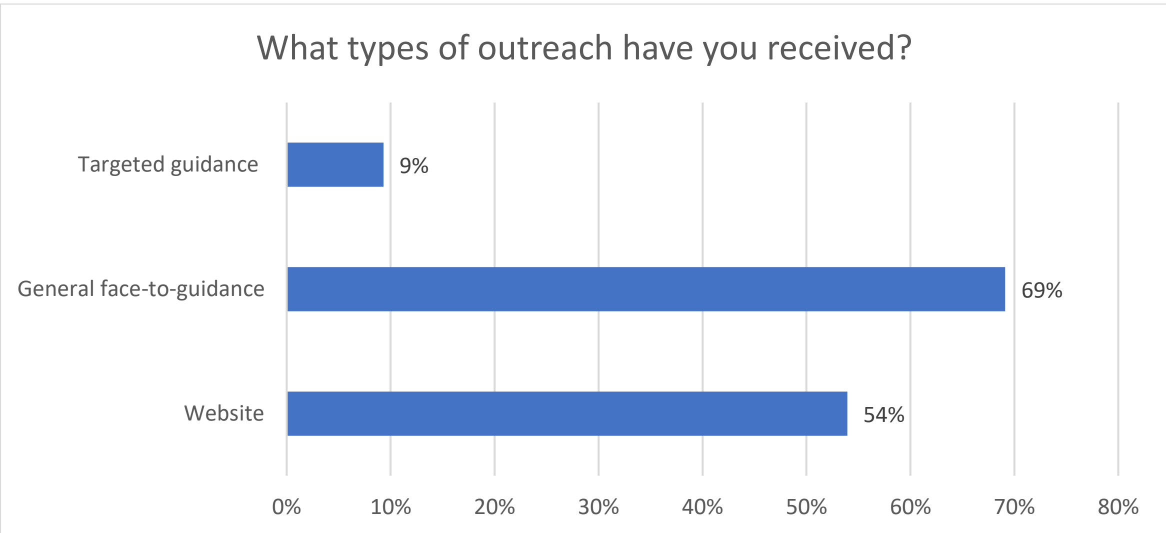
160 Criteria 8.2(b) and 8.2(c) of the FATF Methodology assess outreach measures undertaken by government. The 2nd Enhanced FUR (2021) noted that "*Since January 2018, the Registrar of NPOs has conducted in excess of 81 outreach sessions for NPOs comprised of individual sessions, seminars, workshops, radio and television interviews and press releases.*"[70] Data provided by the General Registry recorded a further 65 outreach events since 2020, the majority of which were in-person.

161 The NPO Survey asked a series of questions on government outreach measures. The findings revealed widespread implementation of government outreach initiatives, accompanied by near-unanimous agreement on their effectiveness.

<u>Figures 23, 24, 25 and 26: Outreach reported by NPOs</u>. (Source: NPO Survey)

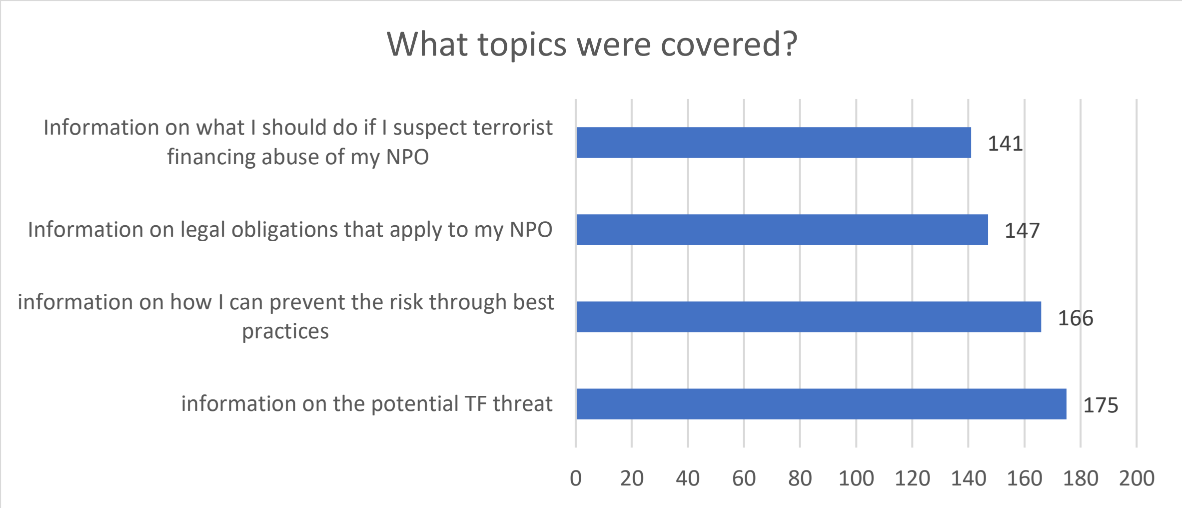






[69] IO10 Example b) 11

[70] 83, 2nd *Enhanced Follow-up Report and Technical Compliance Re-Rating Cayman Islands.*



162 The General Registry log records the topics and target audience for the outreach events. As noted in section 4.2 above, these vary between the general and specific, including a small number of events which are specific to TF. Given the overall low risk profile, it would not be appropriate for TF concerns to be prioritised in such outreach, and a focus on issues such as good governance, financial management or project management is likely to be more generally useful and more appropriate to the risk profile in the jurisdiction. Nevertheless, General Registry officials confirmed that TF issues are consistently addressed in all outreach events, and that both the content and the schedule have been amended to reflect the improved understanding of TF risks in the sector.

163 As noted above, a programme of Interactive Workshops has recently been implemented. These are smaller and more intensive sessions focussing on core issues, including compliance, and AML/CFT risks.

164 Outreach measures for 'low-risk' NPOs are assessed as adequate.

Self-regulatory measures and internal controls

165 *Self-regulatory mechanisms and internal controls measures* should be considered as part of the risk assessment.[71] FATF does not require NPOs to undertake measures to understand and mitigate TF risks.[72] However, R8 recognises that self-regulatory measures and related internal control measures in place within NPOs may already sufficiently address the terrorist financing risk to the NPOs in a country.[73]

166 No data on the prevalence of self-regulatory measures or internal controls measures was available. Anecdotal evidence suggests that such measures are likely to be strong. A symposium organised by the R3 Foundation was observed, in which a wide range of sector representatives discussed relevant issues with knowledge and authority. By contrast, interviewed officials expressed concerns about the quality of internal controls measures in certain NPOs, including religious and community NPOs.

167 In the absence of sufficient data, no assessment is made on the adequacy of self-regulatory and internal control measures.

[71] 8.1(c) of the FATF Methodology, and 6c Interpretive Note to R8
[72] 80, Best Practices Paper
[73] 6(c), Interpretive Note to R8

4.4 Assessing measures for NPOs suspected of terrorist financing

168 For NPOs suspected of being exploited by, or actively supporting terrorist activity or terrorist organisations, additional consideration should be given to:

- the extent to which appropriate investigative, criminal, civil or administrative actions, cooperation and co-ordination mechanisms applied to these NPOs;
- whether the appropriate authorities have adequate resources to perform their outreach/ oversight/ monitoring/ investigation duties effectively.[74]

169 No NPOs have been suspected of being exploited by, or actively supporting terrorist activity or terrorist organisations.

170 As noted in section 4.2 (above), there is no specialist investigative facility for NPOs. NPOs under investigation would be investigated on the same basis as any other legal entity. The Cayman Islands is rated Largely Compliant on Recommendation 30 (Responsibilities of law enforcement and investigative authorities) and Recommendation 31 (Powers of law enforcement and investigative authorities).

171 The general capacity of the authorities to respond to a legal entity suspected of terrorist financing are fully assessed in Recommendations 2, 30 and 31. No specific issues relating to the application of these measures in relation to NPOs were noted, hence these measures are assessed as adequate.

[74] IO10 Example b) 13

5. Conclusions and Recommendations

172 FATF requires measures to protect NPOs from TF abuse to be focussed, proportionate, risk-based, and not unduly inhibit legitimate NPO activity. This assessment concludes that there is a low risk of TF abuse of NPOs, and identifies no category of NPO or NPO activity as being at high risk. However, the imperative to protect the Cayman Islands' reputation for financial integrity means that there is a very low tolerance of AML/CFT risk, and consequently high expectations for the comprehensiveness and effectiveness of mitigating measures. The assessment of measures is guided by this imperative.

173 Fundamentally, Cayman Islands has the framework and tools to address potential TF risks in the NPO sector. Multiple measures exist to deter or detect potential TF abuse, and the authorities and financial sector are highly sensitive to potential financial crimes. The legal and regulatory framework for identifying NPOs is clear, and achieves high levels of compliance. The authorities have a comprehensive mechanism for assessing the exposure of individual NPOs to potential TF risks, and measures for rectifying any vulnerabilities.

174 A summary of the assessments of individual measures and recommendations for action are included in the following table. Recommendations are designed to be 'focussed, proportionate, risk-based, and not unduly inhibit legitimate NPO activity,' in line with FATF requirements.

Table 11: Evaluation and Recommendations

Measure	**Assessment**	**Deficiencies noted**	**Recommendations to address deficiencies or other best practice improvements.**
Inform 'at-risk' NPOs of the threats posed to them and how to apply measures to protect themselves.	Adequate.	None.	
Oversight measures that enable the identification of NPOs that may be at risk of terrorist financing.	Largely adequate.	The registration process does not allow the simple identification of FATF NPOs, following the revisions to the Best Practices Paper (2023).	Update the registration forms and annual returns to enable the clear identification of NPOs that meet the FATF definition (following revised guidance in 2023). Update the risk indicators and risk matrix to ensure they address deficiencies linked to the characteristics of likely abuse identified in section 3.5. Continue efforts to improve compliance with annual return requirements. Consider instituting a simple annual survey of NPOs to obtain information which will facilitate the understanding of the sector and enable the identification of new risk factors within individual NPOs.
Monitoring measures for NPOs at higher-risk.	Adequate.	None.	Review the inspection procedures to ensure they reflect the latest understanding of areas of terrorist financing risk. Add additional questions to the risk assessment questions to ensure that non-FATF NPOs are not subject to AML/CFT monitoring.
Effective, dissuasive and proportionate sanctions.	Largely adequate.	A lack of official powers to sanction less serious cases of mismanagement.	This deficiency does not warrant legislative change. Explore instead whether existing powers are sufficient to intervene in less serious cases of

			mismanagement or maladministration. This could include powers to direct NPOs to take remedial actions recommended by the General Registry.
Information gathering and investigations.	Adequate.	None.	
Capacity to respond to international requests for information about an NPO of concern.	Adequate.	None.	
Awareness-raising outreach for all NPOs.	Adequate.	None.	Update the content of general awareness-raising outreach to ensure it addresses deficiencies linked to the characteristics of likely abuse identified in section 3.5.
Self-regulatory measures and internal controls for at risk NPOs.	No assessment.	No assessment can be made due to a lack of data on the measures being taken, and in particular, a lack of data on the current quality of internal controls within NPOs, particularly those at risk.	Approach potential partners in civil society or academia to research the nature and quality of self-regulatory and internal control measures in the sector.

Annex 1: The FATF Requirements relating to NPOs

RECOMMENDATION 8	NON-PROFIT ORGANISATIONS

Recommendation 8. Non-profit organisations *

Countries should identify the organisations which fall within the FATF definition of non-profit organisations (NPOs) and assess their terrorist financing risks. Countries should have in place focused, proportionate and risk-based measures, without unduly disrupting or discouraging legitimate NPO activities, in line with the risk-based approach. The purpose of these measures is to protect such NPOs from terrorist financing abuse, including:

(a) by terrorist organisations posing as legitimate entities;

(b) by exploiting legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset-freezing measures; and

(c) by concealing or obscuring the clandestine diversion of funds intended for legitimate purposes to terrorist organisations

Immediate Outcome 10

Immediate Outcome 10	Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds

Characteristics of an effective system

Terrorists, terrorist organisations and terrorist financiers are identified and deprived of the resources and means to finance or support terrorist activities and organisations. This includes proper implementation of targeted financial sanctions against persons and entities designated by the United Nations Security Council and under applicable national or supra-national sanctions regimes. The country also has a good understanding of the terrorist financing risks and takes appropriate and proportionate actions to mitigate those risks. These include focused, proportionate and risk-based measures that prevent the raising and moving of funds through NPOs or methods which are at risk of being misused by terrorists, without unduly disrupting or discouraging legitimate NPO activities. Ultimately, this reduces terrorist financing flows, which would prevent terrorist acts.

This outcome relates primarily to Recommendations 1, 4, 6 and 8, and also elements of Recommendations 14, 15, 16, 26, 30 to 32, 35, 37, 38 and 40.

Note to Assessors:

1 Assessors should refer to the following Glossary definitions when assessing this Immediate Outcome: *accounts, appropriate authorities, competent authorities, country, designated nonfinancial businesses and professions (DNFBP); designated person or entity, designation, financial group, financial institutions, freeze, funds, funds or other assets, non-profit organisations (NPO), risk, seize, self-regulatory measures, should, targeted financial sanctions, terrorist, terrorist act, terrorist financing (TF), terrorist financing abuse, terrorist organisation* and *without delay*.

2 When assessing core issues 10.2 to 10.5, assessors should consider whether activities and measures are aligned with TF risk, including but not limited to:

(a) the overall level of TF risks;

(b) the characteristics of the domestic and cross-border TF activity (e.g. collection, movement and use of funds or other assets); and

(c) the country's prevailing TF methods, techniques and trends.

3 Assessors should also consider the relevant findings on the level of international co-operation which competent authorities are participating in when assessing this Immediate Outcome.

Core Issues to be considered in determining if the Outcome is being achieved

10.3. To what extent, without unduly disrupting or discouraging legitimate NPO activities, has the country applied focused, proportionate and risk-based mitigation measures to only those organisations which fall within the FATF definition of NPOs, in line with identified TF risk?

a) Examples of Information that could support the conclusions on Core Issues

4. Information on sustained outreach and targeted risk-based supervision and monitoring of NPOs that the country has identified as being at risk of terrorist financing abuse *(e.g. frequency of review and monitoring of such NPOs (including risk assessments); frequency of engagement and outreach (including guidance) to NPOs regarding CFT measures and trends; remedial measures and sanctions taken against NPOs).*

b) Examples of Specific Factors that could support the conclusions on Core Issues

10. To what extent does the country understand the level of risk of organisations that fall within the FATF definition of NPO, and the nature of TF threats posed to them?

11. For NPOs identified as low risk of TF abuse, to what extent is the country's level of outreach consistent with the level of identified risk?

12. For NPOs other than those identified to be at low risk, to what extent are all four of the following elements being used to identify, prevent and combat terrorist financing abuse of NPOs without unduly disrupting or discouraging legitimate NPO activities: (a) sustained outreach; (b) targeted risk-based oversight or monitoring; (c) effective investigation and information gathering; and (d) effective mechanisms for international co-operation? To what extent are the measures being applied focused, proportionate and risk-based?

13. To what extent are appropriate investigative, criminal, civil or administrative actions, cooperation and coordination mechanisms applied to NPOs suspected of being exploited by, or actively supporting, terrorist activity or terrorist organisations? Do the appropriate authorities have adequate resources to perform their outreach/oversight/monitoring/investigation duties effectively?

14. How well do NPOs understand the nature of TF threats posed to them and apply measures to protect themselves from the threat of terrorist abuse?

17. Do the relevant competent authorities, including those responsible for oversight, monitoring and investigation of NPOs, have adequate resources to manage their work or address the terrorist financing risks adequately.