

NATIONAL

City veterans join military campaign on financial front

Secretive unit deploys banking expertise in operations limiting access to money

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A task force of former bankers and financiers is helping the military sharpen its skills in economic warfare as a bulwark against growing threats including terrorism, cyber attacks and disinformation campaigns.

The secretive unit, established by the Ministry of Defence six years ago to disrupt Isis's commercial activities in Iraq and Syria, is staffed by a handful of former City professionals with expertise in commodity markets and international money flows.

Its specialists are now in increasing demand as adversaries such as Russia and China exploit the "grey zone" between peace and war, using cyber weapons to target national infrastructure and making commercial investments in sensitive overseas industries.

The task force, made up mostly of reservists with City experience, has worked with special forces, intelligence agencies and the army's 77th Brigade information warfare unit to weaken adversaries by limiting their access to finance. The Financial Times has been asked not to disclose the unit's size or operational remit for security reasons.

"You need to find the critical elements in the business model of the people you're up against, remove those, and make it very hard to replace them," explained Air Marshal Edward Stringer, the MoD's former director-general of

joint force development, who oversaw the team until his retirement from the armed forces this year.

"Whether it's Lebanese Hizbollah, the ring of associates around [Vladimir] Putin, the Iranian Revolutionary Guard Corps, or even China's People's Liberation Army, all these organisations are mini polities with their own economy," said Stringer, who was also head of RAF intelligence. "Why let them go as far as the battlefield, if you can denude them of resources before they get there?"

Isis's rise to power in 2014 carried particular potency because it was the world's wealthiest jihadi group, enriched by oil revenues, extortion and taxation in the form of religious tithes.

"The ways Isis was financing itself was unlike any other terrorist group . . . they were trading the dollar, acting as a proto-state," recalled one member of the task force, who asked to remain anonymous. He left the City at the height of the insurgency to become a full-time MoD employee. "Someone was needed who knew how money movement works."

Working in a global alliance of military and finance experts from the US, Saudi Arabia and Italy, the team of British financiers helped analyse financial ledgers, receipts and computer records gleaned from raids on figures including Abu Sanyaf, Isis's book-keeper.



Square Mile: the task force has worked with special forces and intelligence agencies. Below, Air Marshal Edward Stringer, who oversaw the team — FT montage, Nicholas Egan/RAF/MoD



The resulting intelligence on the terrorist group's revenue streams prompted global sanctions to prevent Isis accessing replacement parts for its oil facilities, and chemical additives needed to turn crude oil into usable fuel for its vehicles. The alliance also intervened to block some Isis-affiliated money service businesses from the Iraqi Central Bank's US dollar auctions, which were providing the insurgents with a profitable arbitrage business.

Since the counter-Isis operations ceased, the unit has been run on an ad hoc basis, and is not a permanent standing capability within the MoD. Stringer is concerned that this temporary status is undermining its potential. "This capability has always existed in the margins," he said. "We learned something from this task force . . . let's not allow that to evaporate until something comes along again that forces us to reconvene it."

Bankers are able to enter the armed forces in a number of ways, from applying for a post as a "regular" through the army's officer selection board and undergoing training at Sandhurst, the military academy, to working in pro-bono roles.

The MoD is also considering

reforms to its policies on reservists, including relaxing age and fitness requirements and bringing in a new "lateral" entry regime that would allow industry experts to transfer directly into senior military ranks rather than working their way up through the hierarchy.

"We're really not trying to throw middle aged-bankers out of the back of aircraft [on military operations]," the task force member explained. "It's about using their professional skills."

Lord Jonathan Evans, a former director-general of MI5, the domestic intelligence agency, told the FT that capitalising on the goodwill and expertise of City professionals could help unite British financial and security institutions around a shared purpose.

The team's current activities are secret for operational reasons. However, defence officials said example missions could include advising the military on the security impact of the Lebanese currency collapse after last year's deadly explosion in the port of Beirut, or suppressing proxy forces such as the Wagner group, a Kremlin-linked militia that is now seeking control of rare mineral assets across Africa.

Their expertise could also be targeted at disrupting ransomware gangs that

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threaten national infrastructure, and tracing financial information gathered on the battlefield in the Middle East to identify British jihadis.

Tom Keatinge, an expert in finance and security at the Royal United Services Institute think-tank, believes the government should be doing more to both exploit the skills of its financial services sector and to protect market intelligence within the City.

The MoD said it was investing in expertise to tackle so-called threat financing "for the long haul", adding: "We retain some of the best experts from the private sector through the specialist reserves and we work closely with our international partners, as well as partners across government, to exchange expertise and knowledge."

Daniel Glaser, the former assistant secretary to the US Treasury in charge of tracking terrorist financing, emphasised that strong economic warfare capabilities can help solve knotty national security problems that do not require lethal force.

"When I look into the future at cyber security or other hybrid threats, financial tools are going to play an important role," he said. "They allow us to be creative . . . to reach out and touch these guys in ways they're not expecting."