

Whitehall Report 1-17



# Disrupting Human Trafficking

## The Role of Financial Institutions

Tom Keatinge and Anne-Marie Barry



Royal United Services Institute  
for Defence and Security Studies

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# Executive Summary

It is estimated that each year, across the globe, 20.9 million people are trafficked for forced labour and sexual exploitation.<sup>1</sup> In the EU and developed countries, trafficking in human beings (THB) reaps annual profits of \$46.9 billion.<sup>2</sup> In the UK alone, thousands of people are exploited, not just in illegal operations, but also within legitimate business settings ranging from agriculture and factories to nail bars and car washes.

Compared with other industry sectors whose long and complex supply chains are at risk of being touched by labour exploitation, the financial services industry in the UK and around the world has thus far been relatively less engaged in efforts to disrupt THB. Nevertheless, as this report will reveal, banks and other financial service providers are increasingly seeking to address this gap by assessing the services they source and the clients they fund, and attempting to apply their transaction monitoring and data analytic capabilities to support the pressing need for improved evidence that could boost THB-related prosecutions. As entities with potential access to the financial data of both traffickers and their victims, the financial industry has the ability to play a vital role in the fight against this crime.

Law enforcement and regulators in the UK and the US are increasingly seeking to harness the ability of banks and money service businesses to monitor financial activity that might assist in identifying and disrupting criminality, including identifying suspicious transactions indicative of THB. The Bankers' Alliance Against Trafficking in the US and, more recently, the UK's Joint Money Laundering Intelligence Taskforce (JMLIT) have raised the profile of the financial sector's potential role in disrupting human trafficking crimes. Interviews with personnel from financial institutions have revealed that many are introducing a range of measures, including: training front line staff; building typologies; undertaking proactive transaction database investigations; and working with other financial institutions and law enforcement agencies. Interviewees claimed that a number of finance-led anti-human trafficking measures have contributed to the successful uncovering of gangs engaged, in particular, in sexual exploitation.<sup>3</sup>

However, financial institutions face many challenges in their attempt to detect and disrupt human trafficking, such as the often unremarkable nature of transactions related to the crime, the difficulty in automating risk-factor screening and the consequent resource needed to investigate transaction data manually, as well as the level of collaboration needed with other actors – including those from law enforcement agencies and THB-focused NGOs. As a

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1. International Labour Office (ILO), *ILO Global Estimate of Forced Labour: Results and Methodology* (Geneva: International Labour Office, 2012), p. 13.
  2. ILO, *Profits and Poverty: The Economics of Forced Labour* (Geneva: International Labour Office, 2014), p. 13.
  3. Authors' interview with a bank's financial crime compliance and investigation team members, London, 12 January 2017. Case studies were also provided to the authors.



result, while those financial institutions interviewed for this report are unanimously willing to contribute to the disruption of human trafficking, developing an effective response is far from easy and requires considerable effort, coordination and investment of time.

With these challenges in mind, and against the background of the perceived success of the US financial sector's anti-trafficking efforts, the introduction of the Modern Slavery Act in the UK in 2015,<sup>4</sup> and the work of JMLIT's anti-human trafficking experts' group, this report seeks to identify ways in which the current enthusiastic but nascent engagement with this issue by the financial sector in the UK can be maintained. It thus offers the following recommendations for future action:

1. Financial institutions must continually seek knowledge from law enforcement and THB-focused NGOs to ensure that staff training and investigation approaches reflect expert insight and guidance on:
  - a. The changing nature of human trafficking, including typologies (for example, enabling a more balanced focus between sexual and labour exploitation; the former currently receives a disproportionate degree of focus).
  - b. High-risk industries and countries of origin, destination and transit for THB.
  - c. Financial crime trends, such as greater use of online payments and use of prepaid cards, as well as increased diversification in the use of trafficking victims beyond sexual and labour exploitation, such as for theft, organised property crime, benefit fraud and drug production.
  - d. The changing nature of trafficking business models, which react to legislation, disruption and the emergence of new 'markets'.
2. More generally, engagement with NGO groups that support victims of human trafficking can provide both an insight into the methodologies used by traffickers and also a victim-focused perspective, which will help create more precise profiles and red flags for trafficking-related financial transactions.
3. Financial institutions should interpret law enforcement, NGO and other guidance sources to ensure these are relevant for, and applicable to, both staff in branches and internal financial intelligence and investigation teams. Human trafficking should feature as a specific element of all financial crime-related staff training, including the introduction of mandatory tests to ensure that front line and investigative staff have sufficient awareness and understanding of how to detect the crime.
4. Financial institutions and law enforcement agencies must continue to build and maintain collaborative and supportive relationships in which there is sharing of information and typologies. Public-private partnership forums, such as JMLIT, should act as fusion cells and disseminators of human trafficking-related indicators and intelligence gathered from court cases and convictions.

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4. 'Modern Slavery Act 2015', <<http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>>, accessed 8 February 2017.

5. Forums such as JMLIT or the US Bank Secrecy Act Advisory Group (using Section 314(a) of the USA PATRIOT Act<sup>5</sup>) should be used by law enforcement agencies to provide regular and detailed feedback or specific, anonymised guidance to financial institutions based on human trafficking-related suspicious activity reports so that financial institutions can fine-tune monitoring and investigations.
6. Law enforcement agencies and policymakers should ensure the regular participation of NGOs who have specific expertise or front line experience in the field of anti-trafficking in such public–private sector forums.
7. Recognising the reliance placed on private sector compliance tools by financial institutions, greater investment should be made in compiling human trafficking-related negative media content, such as that provided to Thomson Reuters by Liberty Asia,<sup>6</sup> to improve the effectiveness of financial institutions' automatic transaction and client screening.
8. Financial institutions should ensure that their Know Your Customer (KYC) and ongoing due diligence processes consider the extent to which their clients are exposed to human trafficking in their business or supply chains.

Despite the challenges faced by the financial sector in detecting and disrupting human trafficking, there is clearly a strong willingness on the part of the industry to engage with law enforcement and the anti-THB NGO community to develop ways to deploy the industry's considerable troves of transaction data and investigation and analysis capabilities. As this report reveals, human trafficking is a crime that touches many different agencies and sectors and, as such, requires joined-up thinking. The involvement of financial institutions in recent successes in disrupting human trafficking suggest that the argument for engagement is overwhelming, especially since little is known about the workings or the finances of the perpetrators behind the crimes. However, this engagement will ultimately falter unless partnership and information sharing among all those seeking to address this crime is assured.

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5. US Department of the Treasury, Financial Crimes Enforcement Network (FinCEN), 'FinCEN's 314(a) Fact Sheet', 2 February 2017, <<https://www.fincen.gov/sites/default/files/shared/314afactsheet.pdf>>, accessed 8 February 2017.

6. Thomson Reuters, 'Thomson Reuters Partners with NGOs to Fight Human Trafficking', 17 July 2015, <<http://thomsonreuters.com/en/press-releases/2015/06/thomson-reuter-partners-with-ngos-to-fight-human-trafficking.html>>, accessed 10 February 2017.



# Introduction

The trafficking in human beings<sup>1</sup> (THB) is both a serious organised crime and a violation of human rights, and its disruption is now a priority at UK, EU and global levels.<sup>2</sup> While increasing numbers of potential victims are being identified each year within the UK (in 2015, there were 3,266 potential victims identified – a 40% increase on 2014), these numbers are thought to considerably underrepresent the real figure of those trafficked into and within the country, and exploitation continues unabated. Exploitation occurs in multiple forms of labour which, apart from the more widely known areas of sexual services and agricultural activities, is also prevalent in nail bars, car washes, factories and domestic settings. These are environments in which there is little oversight and so exploitation is easily hidden. Although much is clear about the types of exploitation and the origin countries of victims, little is known about the workings of the perpetrators behind the networks, and even less about their finances. With a continued scarcity of empirical data on human trafficking in general and labour trafficking in particular,<sup>3</sup> and with global illicit proceeds estimated at \$150 billion annually,<sup>4</sup> this is a crime that remains low risk – with relative levels of impunity for perpetrators – and high reward. As the UK's Independent Anti-Slavery Commissioner Kevin Hyland asserts in his 2016 Annual Report, 'the total number of individuals being brought to justice is still relatively low given the estimated scale of offending'. A focus on identifying and disrupting these criminal networks 'must therefore be a key priority'.<sup>5</sup>

The engagement of the private sector with the issue of human trafficking has thus far been focused on companies with at-risk supply chains, and despite the significant sums presumed to be flowing through the financial system, less emphasis to date has been placed on the role of the financial sector and the potential it offers for tackling the crime's illicit proceeds. However, the UK Modern Slavery Act 2015 has created a cross-industry imperative through which companies, including financial institutions, have both a moral and legal responsibility to increase anti-human trafficking efforts. This responsibility has been reinforced by the government's stated determination to 'attack the profits of traffickers and slave drivers through greater use of asset

1. 'Trafficking in persons' is defined as 'the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion [...] for the purpose of exploitation' in UN, 'Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime', 2000, Article 3, p. 2.
2. European Commission, 'The EU Strategy Towards the Eradication of Trafficking in Human Beings 2012–2016', 2016, and the 'Modern Slavery Act 2015', <<http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>>, accessed 8 February 2017.
3. UN Office on Drugs and Crime (UNODC), *Forum on Crime and Society – Researching Hidden Populations: Approaches to and Methodologies for Generating Data on Trafficking in Persons*, Vol. 8 (New York: United Nations Publication, 2015).
4. ILO, *Profits and Poverty: The Economics of Forced Labour* (Geneva: International Labour Office, 2014), p. 13.
5. Independent Anti-Slavery Commissioner, *Annual Report for the Period 1 August 2015 to 30 September 2016* (London: The Stationery Office, 2016), p. 3.

recovery and financial investigation'<sup>6</sup> and to defeat THB's 'vile and systematic international business model at its source and in transit'.<sup>7</sup>

Financial institutions are now trying to ensure that they are neither financing companies connected with THB nor unwittingly facilitating movement of its profits. Given the financial incentive that underpins THB, the logic of seeking to disrupt this crime by identifying its related money flows is clearly sound. Yet as the interviews conducted for this report reveal, the complexity of the crime is such that detecting related financial flows is a significant challenge for any individual institution. The ability of financial institutions to 'follow the money' is not undertaken as effectively as it might be for various reasons, including the ability for traffickers to move money and victims quickly and easily, the variation in law enforcement and data protection approaches between countries, and the multiple payment methods used by perpetrators, which are challenging for financial institutions to distinguish.

Thus, this report seeks to fulfil two objectives. First, it will provide an explanation of what is currently known about human trafficking in the UK, with a particular focus on the elements that are most pertinent to the financial sector. Second, it will review the various efforts being made by financial institutions to enhance law enforcement agencies' efforts to disrupt human trafficking networks. Specifically, this report will:

- Outline the current picture of human trafficking in the UK, noting the increased prevalence of identity theft, benefit fraud, forced criminality and the trafficking risk resulting from increased migration across Europe.
- Examine the financial footprints of human trafficking gangs – ranging from those that are small and loosely organised to those that are large and highly organised – and the various mechanisms they use for laundering their money. Financial institutions can be touched at any stage of the trafficking process and supply chain as money is spent, transferred or laundered.
- Review the obligations and responsibilities brought by legislation, such as the Modern Slavery Act 2015, and the drive towards greater transparency of private sector association with human rights violations.
- Discuss the approaches taken by financial institutions in the US. These have arguably acted as a catalyst for financial institutions in the UK to seek to enhance the response of law enforcement by using their significant analytic capabilities to identify and disrupt human trafficking and related financial flows, resulting in more collaborative anti-human trafficking efforts.
- Draw out best-practice examples from the efforts to address THB in the UK and the US and conclude with recommendations for how financial institution collaboration with policymakers, law enforcement agencies and NGOs can lead to more effective outcomes in this area.

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6. HM Government, '2015 Report of the Inter-Departmental Ministerial Group on Modern Slavery', October 2015, p. 22.

7. Theresa May, 'My Government Will Lead the Way in Defeating Modern Slavery', *The Telegraph*, 30 July 2016.

## Methodology and Terminology

The research for this report draws upon two main sources. The first half of the report is based on a review of literature and outputs from agencies such as the National Crime Agency (NCA) – which holds the official picture of human trafficking in the UK – and the UNODC and Europol, which offer perspectives on the criminal networks and trends involved in human trafficking within Europe. Information released by the UK government and Home Office is also used, as well as research carried out by organisations such as UNICEF, the Thomson Reuters Foundation and other relevant groups involved in anti-human trafficking and modern slavery work. The second half of the report, addressing the work undertaken by financial institutions, draws on fifteen interviews in the US and the UK with personnel from financial institutions and law enforcement professionals who have engaged with financial institutions in the context of their anti-human trafficking work. The report is also informed by a cross-sector workshop held at RUSI in spring 2016.

For the purposes of this report, the authors use the term ‘human trafficking’ (also referred to as ‘trafficking in human beings’ or THB), which is defined by the UN as ‘the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion [...] for the purpose of exploitation’.<sup>8</sup> ‘Exploitation’, as defined by the UK Modern Slavery Act 2015, includes offences of slavery, servitude, forced and compulsory labour, and securing of services through threats and deception. ‘Modern slavery’ is an umbrella term used by the UK government to categorise slavery, servitude, forced and compulsory labour, and human trafficking.

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8. UN, ‘Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime’, Article 3(a), p. 2.



# I. Human Trafficking in the UK

## Overall Picture

Like many developed countries that have a ‘high demand for cheap labour and sexual services’,<sup>1</sup> the UK is a destination country for human trafficking. In 2015, there were 3,266 referrals of potential victims of human trafficking to the NCA’s UK Human Trafficking Centre. These potential victims originated from 102 different countries,<sup>2</sup> with Albania, Nigeria and Vietnam being the most frequently occurring nationality of those identified.

In the UK, the type of exploitation varies according to country of origin: Albanian women, for example, are often reported as trafficked for sexual exploitation, whereas Vietnamese males are frequently trafficked for labour.<sup>3</sup> Significantly, in 2015, and for the first year since the National Referral Mechanism (NRM) reporting began (Box 1), trafficking for labour exploitation was more commonly reported than trafficking for sexual exploitation.<sup>4</sup> Numbers were divided almost equally between males and females, and 30% of potential victims were minors.

It is important to note that these numbers reflect only those victims detected, and although year-on-year referrals to the NRM are increasing thanks to greater attention and awareness given to THB, the number is thought to be a fraction of the real figure. The Home Office calculated that in 2013, while 2,744 potential victims had been identified and were known to the NCA, the actual number of victims of modern slavery living in the UK in that year was likely to be between 10–13,000.<sup>5</sup>

**Box 1:** The National Referral Mechanism.

The NRM was set up by the UK government in 2009 and is the framework through which victims of human trafficking are identified as such, allowing for appropriate support to be provided. The Modern Slavery Human Trafficking Unit (formerly the UK Human Trafficking Centre) uses the data held within the NRM to provide a clearer picture of human trafficking and modern slavery in the UK. The NCA, within which the unit sits, releases a summary of this picture each year.

*Source: NCA, ‘National Referral Mechanism’, <<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/specialist-capabilities/uk-human-trafficking-centre/national-referral-mechanism>>, accessed 9 February 2017.*

1. Europol, ‘Situation Report: Trafficking in Human Beings in the EU’, February 2016, p. 13.
2. NCA, ‘National Referral Mechanism Statistics – End of Year Summary 2015’, 11 February 2016.
3. *Ibid.*, p. 5.
4. *Ibid.*, p. 4.
5. This number is based on a ‘multiple systems estimation’ from the Home Office’s Chief Scientific Adviser, Professor Bernard Silverman, in 2014. It is worth noting, however, that all estimates related to human trafficking are difficult to verify due to the shortage of data.



## Trafficking for Labour Exploitation

Exploitation in less-developed countries is prevalent in industries such as agriculture, brick-making, textiles, mining and other industries employing arduous or manual labour which rely on migrant or seasonal labour. In developed countries such as the UK, however, the markets for trafficking include domestic servitude, travel tourism, construction, the service sector, and begging. The push for low-cost labour in supply chains and downward pressures on pricing means that labour standards and working conditions are often undercut by subcontractors, and in extreme conditions forced labour occurs.

In the UK and other developed countries unscrupulous labour providers take advantage of the need for low-cost migrant labour and poor labour regulations, exploiting a vulnerable workforce.<sup>6</sup> Profits from exploited workers can be made through a system of inflated debt bondage in which the victims are held, having been charged the cost of their travel and other 'employment fees' to reach a place of work. These fees and deductions, together with the low pay they receive, leave victims trapped in a situation of dependence and allows for continued profits for the criminals involved.

As noted above, in the UK trafficking for labour exploitation is now more commonly reported than trafficking for sexual exploitation. It is thus helpful to elaborate on the form of this type of trafficking, as it covers a broad spectrum.

The most commonly reported types of labour exploitation in the UK in 2014 were in factories and car washes; other industries include agriculture, construction, food preparation and processing, restaurants and nail bars (Box 2). Exploitation was commonly linked to work found through recruitment agencies.<sup>7</sup> The use of agencies and subcontracting models, particularly in industries in which regulation is light and temporary migrant labour is employed, create conditions where exploitation can be easily facilitated. Migrant workers can often be unaware of their rights, unscrupulous employers may employ exploitative practices with little or no oversight, and large companies are sometimes unaware of abuses occurring within their own supply chains. The Labour Exploitation Advisory Group has found that the types of labour abuses occurring in the UK range from non-payment of the minimum wage to physical abuse and confinement in the workplace.<sup>8</sup>

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6. The UK's Gangmasters Licensing Authority, for example, has been regulating labour providers and proved effective in curbing exploitative practices, but their remit has been narrow, leaving labour provision in high-risk areas, such as labour construction and agriculture, with a lack of oversight.

7. NCA, 'Strategic Assessment: The Nature and Scale of Human Trafficking in 2014', December 2015, p. 21.

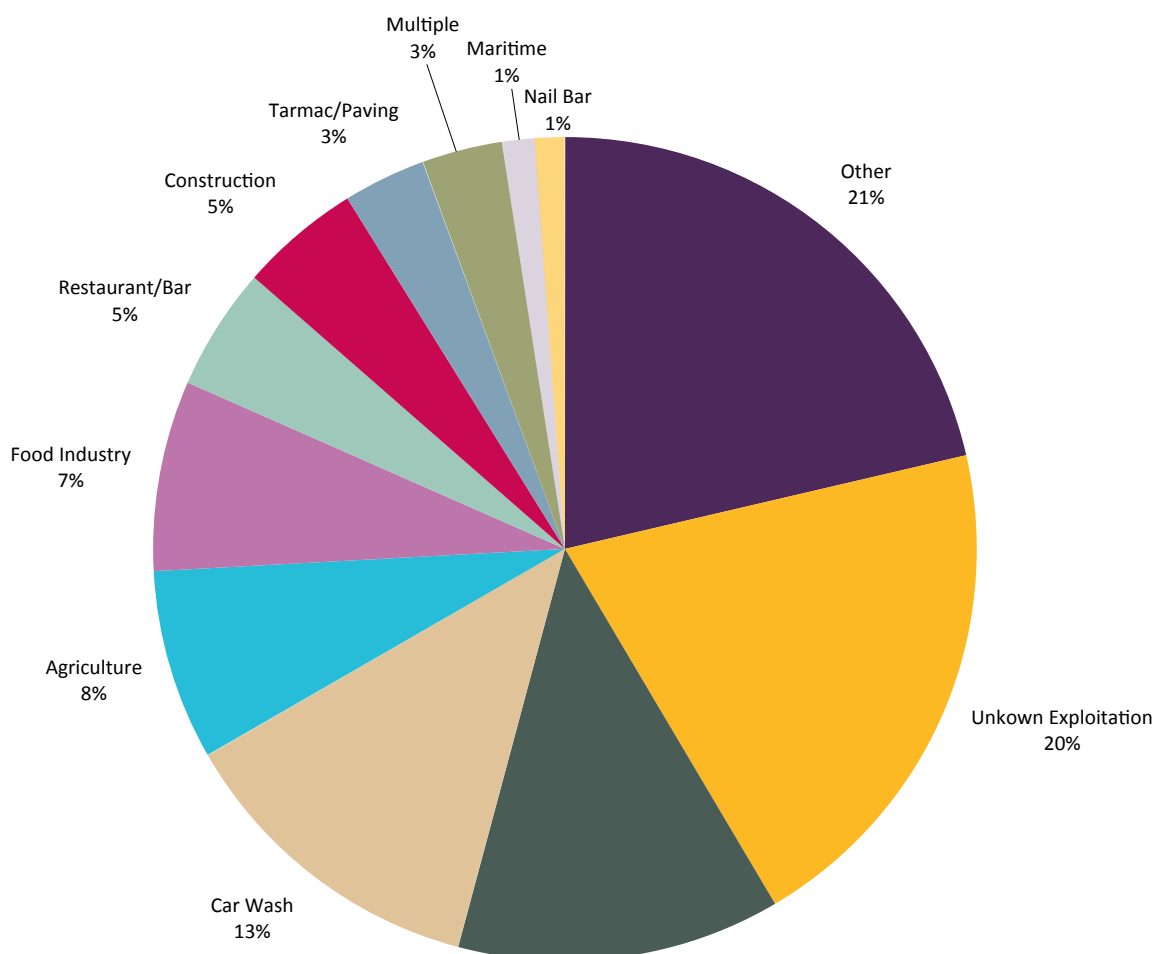
8. Bridie France, 'Labour Compliance to Exploitation and the Abuses In-Between', Labour Exploitation Advisory Group, August 2016.

**Box 2: Modern Slavery in the UK: Operation *Hornsman*.**

In 2016, one week of concentrated action on modern slavery organised by the NCA's UK Human Trafficking Centre saw law enforcement agencies around the UK carry out operations to target networks involved in trafficking and exploitation. The operation involved police forces, Home Office Immigration Enforcement, HMRC and the Gangmasters Licensing Authority. It led to the arrest of at least 25 people and identified more than 100 potential victims. Nail bars, car washes and businesses breaching minimum wage regulations were among those establishments that were targeted.

Source: NCA, '*Operation Targets Criminals Involved in Trafficking and Exploitation*', 6 June 2016.

**Figure 1: Reported Potential Labour Exploitation by Industry Type in 2014.**



Source: NCA, '*Strategic Assessment: The Nature and Scale of Human Trafficking in 2014*', p. 21.

## Human Trafficking and Identity Theft

Victims' identities can themselves be a source of profit for traffickers and are, according to Europol, being put to increasingly diverse use. Identity theft, benefit fraud and the registering of victims at different addresses in order to defraud the social welfare system are all becoming common practices.<sup>9</sup> Traffickers may sometimes act as a custodian to a bank account opened up in the name of the victim, in order to take control of the victim's account and withdraw their benefit payments. Victims can then be 'abandoned or returned to their country of origin once the traffickers have seized their documents, opened the accounts and started the claims process'.<sup>10</sup>

According to the NCA, some females from West Africa and Southeast Asia reported being told by traffickers on arrival to the UK that they owed a large sum of money for their journey (which could be anything up to £45,000) – a debt which they were then forced to repay through prostitution.<sup>11</sup> Other victims have reported purchases of high-value items (such as laptops and mobile phones) as well as financial arrangements (such as loans and satellite television contracts) being taken out in their name.<sup>12</sup>

## The Structure of Human Trafficking Gangs

Criminals involved in THB can operate on an individual, unorganised basis, according to Europol.<sup>13</sup> However, since human trafficking usually requires a certain level of planning and organisation – particularly when involving movements across countries – semi-organised 'loose networks linked by kinship or ethnicity' are a more typical structure of human trafficking organised criminal groups (OCGs) – family members can be involved in the transfer and withdrawal of money, the creation of multiple bank accounts and the ownership of illegal businesses.<sup>14</sup>

According to Europol, the most 'threatening' OCGs are those that are relatively small (composed of up to fifteen people) but have control over the entire trafficking process, with the ability 'to simultaneously handle numerous victims and to move them around between different sites of exploitation, having established logistical bases and contacts in source, transit and destination countries'.<sup>15</sup> A large number of human trafficking OCGs also own legal businesses in the entertainment industry, as well as restaurants, construction and recruitment agencies. This allows for the co-mingling of legal income with illicit proceeds, adding to the complexity of financial investigation (Box 3). Research has found that many traffickers 'have successfully combined illicit practices with strong business and technical skills'.<sup>16</sup>

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9. Europol, 'The THB Financial Business Model: Assessing the Current State of Knowledge', July 2015, p. 10.

10. *Ibid.*, p. 10.

11. NCA, 'NCA Strategic Assessment: The Nature and Scale of Human Trafficking in 2014', December 2015, p. 19

12. *Ibid.*, p. 24.

13. Europol, 'Situation Report: Trafficking in Human Beings in the EU', p. 14.

14. *Ibid.*, p. 14.

15. *Ibid.*, p. 13.

16. Europol, 'The THB Financial Business Model: Assessing the Current State of Knowledge', February 2016, p. 4.

**Box 3: Operation Joust.**

This operation in 2013 uncovered a sophisticated business model which involved bogus colleges, sham marriages, false documents and money laundering ‘enabled’ by accountants and lawyers. The criminal network duped Pakistani men into paying upwards of £4,000 for a place in a bogus college in the UK, and documents were provided and then removed on arrival to the UK. The same criminal group trafficked Eastern European girls into the UK for the purposes of sexual exploitation and then sold them into sham marriages. This OCG allegedly sent up to £1 million a day in profits from victims to Pakistan and maintained a large property empire.

*Source: Centre for Social Justice, A Modern Response to Modern Slavery (London: Centre for Social Justice, 2015), p. 31.*

## The Migrant and Refugee Crisis

An analysis of human trafficking trends both at the European and UK level must take into account the large numbers of those fleeing conflict in recent years, since ‘within these massive migratory movements are vulnerable women, children and men who can be easily exploited by smugglers and traffickers.’<sup>17</sup> According to Europol, in 2015 more than 1 million irregular migrants reached the EU – a figure almost five times higher than in 2014 – and the preferred destination countries of these migrants were said to be Germany, Sweden and the UK.<sup>18</sup>

Most of the travel for migrants and refugees had been facilitated by criminal groups.<sup>19</sup> While human trafficking and human smuggling are separate crimes both legally and conceptually,<sup>20</sup> some smuggling suspects are, according to Europol, involved in polycriminality (in 2015, more than 220 such individuals were identified) and, of those, 20% are linked to trafficking in human beings.<sup>21</sup> Indeed, Europol has seen an increase in exploitation from 2015 to 2016, predicting ‘increased labour exploitation of migrants in transit and destination countries’.<sup>22</sup>

Furthermore, the latest survey from the International Organization for Migration (IOM) – conducted to measure human trafficking and exploitation prevalence among migrants and refugees – found that 71% of 2,783 migrants and refugees travelling through the Central Mediterranean route interviewed from June–September 2016 answered ‘yes’ to having experienced one of six proxy indicators for potential human trafficking or exploitative practices

17. UN Office on Drugs and Crime (UNODC), *Global Report on Trafficking in Persons 2016* (Vienna: UN Publications, 2016), p. 1.

18. Europol, ‘Migrant Smuggling in the EU’, February 2016, p. 5.

19. *Ibid.*, p. 2.

20. For a detailed discussion of the difference between human trafficking and human smuggling, see Anne-Marie Barry, ‘The Human Smuggling–Trafficking Nexus: Defining the Relationship to Help Disrupt Criminal Networks and their Profits’, *RUSI Commentary*, 26 April 2016.

21. Europol–Interpol, ‘Migrant Smuggling Networks, Executive Summary’, May 2016, p. 9.

22. Europol, EPMT 1 Year Special Edition, September 2016.

during their journey. These included being held against their will, working without being paid or being forced to work.<sup>23</sup> This percentage is significantly higher than was reported to be the case among the 1,545 migrants interviewed by the IOM who had travelled along the Eastern Mediterranean route, 14% of whom answered 'yes' to having experienced exploitation.<sup>24</sup>

Cases of exploitation within destination countries have also been found, such as smugglers offering packages that can facilitate exploitative work and leave those who have been smuggled in debt bondage. One such case involved migrants smuggled from Pakistan into Spain and working under abusive conditions in restaurants for no salary, where 'profits were sent back to Pakistan through money wires, impersonating the identities of the exploited migrants without their consent'.<sup>25</sup> The precarious and often illegal status in which migrants find themselves after being smuggled into another country makes them inherently vulnerable to being targeted by otherwise unconnected traffickers.

Child trafficking is also a crime that, according to EU member states, is increasing sharply.<sup>26</sup> A recent investigation from UNICEF found cases of unaccompanied children living by the English Channel in France – some of whom had paid between €2,700 and €10,000 for their journey – who were subject to both labour and sexual exploitation. Not only were indebted children 'running errands' for traffickers but, according to their interviews, some were also 'preparing to work in the UK for several months without remuneration in order to repay the debts incurred by travelling'.<sup>27</sup> Similar cases in 2015 involved Afghan and Iranian children who had incurred debts for their travel to the UK and were subsequently exploited in the 'catering sector (kebab houses and other fast food restaurants), car washes, hairdressing salons and barber shops'.<sup>28</sup>

In light of these cases and predicted trends, Europol stresses that 'more attention should be given to the financial aspect of THB'.<sup>29</sup> In their efforts to keep abreast of the changing prevailing trends of human trafficking in the UK and Europe, financial institutions should therefore be aware of how this blurring of lines between smuggling and trafficking is resulting in a predicted rise of trafficking into the UK, and thus potentially touching them through their financial systems.

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23. IOM, 'Analysis Flow Monitoring Surveys: The Human Trafficking and Other Exploitative Practices Prevalence Indication Survey (Reporting Period June 2016–September 2016)', October 2016, p. 11.

24. *Ibid.*, p. 6.

25. Europol, 'Hit on Migrant Smuggling and Human Trafficking Ring Operating Via the Mediterranean', 3 November 2015.

26. European Commission, 'Report from the Commission to the European Parliament and the Council: Report on the Progress Made in the Fight Against Trafficking in Human Beings', COM(2016) 267 final, 19 May 2016, p. 7.

27. UNICEF, 'Neither Safe Nor Sound: Unaccompanied Children on the Coastline of the English Channel and the North Sea', June 2016, p. 82.

28. *Ibid.*, p. 84.

29. Europol, 'Situation Report: Trafficking in Human Beings in the EU', p. 37.

## II. Trafficking and its Profits: Low Risk, High Reward

Europol describes THB as operating with ‘an increasing level of modernisation, to the point of becoming a corporate business’.<sup>1</sup> The UN deems THB to be the third most profitable crime after drugs and arms trafficking,<sup>2</sup> but the gulf between the estimated proceeds and the recovery of this illicit finance in the UK is vast. For example, annual revenue earned from women trafficked into the UK for sexual exploitation was estimated by the Home Office in 2013 at £130 million (based on 2,600 women),<sup>3</sup> yet the much smaller sum of approximately £2 million was recovered from traffickers between 2010 and 2014.<sup>4</sup>

Moreover, the annual social and economic cost of trafficking for sexual exploitation (defined as the monetisation of the total harm to victims and society) into the UK was estimated at £890 million per year.<sup>5</sup> Trafficking for labour exploitation within the UK has no estimated costs associated with it due to the lack of adequate supporting data. However, considering that in 2015 identification by the NCA of potential victims being trafficked for labour exploitation exceeded those trafficked for sexual exploitation,<sup>6</sup> costs are presumably extremely high.

Not only are proceeds failing to be recovered, but prosecution rates for human trafficking and modern slavery within the UK, while increasing annually, remain low. In 2014, there were 108 modern slavery convictions (in trafficking for sexual or other types of exploitation and offences of forced labour and servitude) in England and Wales, of which 39 were modern slavery convictions on a ‘principal offences’ basis.<sup>7</sup> Prosecuting the multiple actors involved in human trafficking cases remains difficult, due to the level of evidence needed in such cases, as well as the ‘excessive burden [...] placed on victims both before and during criminal proceedings’.<sup>8</sup> An over-reliance on victim testimony is problematic for the following reasons:

- Those who are trafficked are likely to be experiencing trauma and vulnerability, which makes them both mistrustful or fearful of authorities, as well as binding them to their trafficker.

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1. Europol, ‘Situation Report: Trafficking in Human Beings in the EU’, p. 13.
2. *UN News Centre*, ‘Human Trafficking Has No Place in Modern World, General Assembly President Says’, 14 July 2014.
3. Hannah Mills et al., *Understanding Organised Crime: Estimating the Scale and the Social and Economic Costs – Research Report 73* (London: The Stationery Office, 2013), p. 10.
4. HM Government, *Modern Slavery Strategy* (London: The Stationery Office, 2014), p. 38.
5. Mills et al., *Understanding Organised Crime*, p. 88.
6. NCA, ‘National Referral Mechanism Statistics – End of Year Summary 2015’, 2 November 2016, p. 4.
7. HM Government, ‘2015 Report of the Inter-Departmental Ministerial Group on Modern Slavery’, October 2015, pp. 20–21.
8. European Commission, ‘Report from the Commission to the European Parliament and the Council: Report on the Progress Made in the Fight Against Trafficking in Human Beings’, p. 10.

- A reluctance to reach out for help is increased if the victims are irregular migrants and fear being treated simply as immigration offenders.
- According to the NCA, some of those trafficked do not see themselves as victims because '[e]lements of coercion and the degree of control measures in place may render them unwilling or unable to disclose their experiences [or] cooperate with law enforcement investigations'.<sup>9</sup>

Prosecution success, therefore, remains low.

It is clear that human trafficking is a profitable business, and thus disruption efforts should view it in the context of legitimate economic activity, subject to market forces based on supply and demand. Financial interventions should focus on those areas where victims of trafficking are exploited for financial gain.

## Laundering the Profits of Organised Crime

A 2015 report from the Centre for Social Justice highlighted that organised crime was involved in 70% of the human trafficking or modern slavery cases examined by the UK's Gangmasters Licensing Authority.<sup>10</sup> As a criminal business, THB generates illicit profits which need to be laundered, and the laundering of these criminal proceeds is therefore a major activity for human trafficking OCGs.

According to Europol, the vast majority of OCGs employ mechanisms to launder illegal earnings that are similar to those for other types of crime, such as the use of cash-intensive businesses, informal banking systems, front companies and real estate to place money into the formal financial system.<sup>11</sup> As mentioned previously, criminals often use victims' identities to open bank accounts, register bogus companies, rent private apartments or pay bills. They also use legitimate business structures and shell companies to invest in real estate and undertake financial investments in their countries of origin to launder the money generated by exploitation, with victims increasingly coerced into moving criminal proceeds electronically or physically. In the country of exploitation, money is not only sent by financial associates but also by victims who have taken on responsibilities such as collecting money from fellow victims and sending it to intermediaries.<sup>12</sup>

Human trafficking is an agile criminal enterprise, where networks are fluid, and 'adapt to changes in legislation, law enforcement and government responses, and shifts in market supply and demand'.<sup>13</sup> Research group Trafficking as a Criminal Enterprise (TRACE) predict that in the future 'traffickers will implement more complex arrangements that involve a greater number

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9. NCA, 'Strategic Assessment: The Nature and Scale of Human Trafficking in 2014', p. 8.

10. Centre for Social Justice, *A Modern Response to Modern Slavery*, April 2015, p. 19.

11. Financial Action Task Force (FATF), 'Money Laundering Risks Arising from Trafficking in Human Beings and Smuggling of Migrants', FATF Report, July 2011.

12. Europol, 'The THB Financial Business Model: Assessing the Current State of Knowledge'.

13. OSCE, *Analysing the Business Model of Trafficking in Human Beings to Better Prevent the Crime*, p. 45.

of people, and more complex transactions that include capital investments in national and transnational companies in order to evade law enforcement'.<sup>14</sup> Their ability to change their modus operandi in response to law enforcement and indeed financial sector action renders awareness of changing trends essential.

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14. TRACE, 'A Report on How Future Socio-Economic, Political and Criminal Trends Might Impact in Europe', 30 November 2015, p. 52.





# III. Human Trafficking and the Private Sector

## Private Sector Obligations

The length and complexity of corporate supply chains in today's global economy places companies across all industries at high risk of association with human rights' abuses, including human trafficking and modern slavery. High-profile exposés linking trafficking and exploitation to the supply chains of large companies have created a surge in corporate social responsibility initiatives aimed at mitigating or remedying transgressions.<sup>1</sup> Tackling modern slavery and related human rights abuses is now more than just an ethical imperative advocated by human rights' groups or a corporate social responsibility box-ticking exercise: it is now a business imperative for the private sector and failure to manage them 'could negatively affect a company's share price, brand value and operational performance'.<sup>2</sup> The increased focus on the issue of human rights reflects a growing sense that private sector actors must take responsibility for violations with which they are associated.

### **Box 4:** The UN Guiding Principles.

Informally known as the 'Ruggie Principles', after their architect John Ruggie, the UN Secretary-General's Special Representative for Business and Human Rights, and endorsed by the UN Human Rights Council in 2011, the UN Guiding Principles are a set of benchmark principles created to address adverse human rights impacts linked to business activity.

They are based on a state's duty to protect human rights through legislation related to business, corporate responsibility to respect these rights in its activities, and access to remedy for those affected by impacts related to business activity. It defines businesses as 'specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights'.

*Source: UN Human Rights Office of the High Commissioner, 'Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework', HR/PUB/11/04, 2011, p. 1.*

1. Kate Hodal et al., 'Revealed: Asian Slave Labour Producing Prawns for Supermarkets in US, UK', *The Guardian*, 10 June 2014; Jane Wakefield, 'Apple, Samsung and Sony Face Child Labour Claims', *BBC News*, 19 January 2016; Verité, 'Recruitment Practices and Migrant Labor Conditions in Nestlé's Thai Shrimp Supply Chain: An Examination of Forced Labor and Other Human Rights Risks Endemic to the Thai Seafood Sector', 2015.
2. Committee on Workers' Capital (CWC), 'Investing in Decent Work: The Case for Investor Action on Forced Labour', CWC Briefing Paper, p. 8.

The UN Guiding Principles on Business and Human Rights (see Box 4, above) helped to establish and consolidate the convergence of business and social responsibility, acting not only as a springboard for changing attitudes so that ‘a large majority of executives now believe that business is an important player in respecting human rights’,<sup>3</sup> but also for creating binding legislation and codifying principles, as seen in the UK Modern Slavery Act 2015 (see Box 5, below).

**Box 5:** The Modern Slavery Act 2015.

The Modern Slavery Act was passed into UK law in 2015 with the aim of both consolidating existing legislation and increasing convictions for perpetrators involved in exploitative practices. Clause 54 represents a step-change in corporate accountability with regard to human trafficking and modern slavery. Companies with an annual turnover higher than £36 million are now required to state each financial year what action they are taking to ensure that modern slavery is not taking place within their supply chains or operations. This statement must be signed by a director or equivalent and placed in a prominent part of the company’s website.

*Source: ‘Modern Slavery Act 2015’, Clause 54, p. 42.*

## Financial Sector Obligations

The imperative for action required under the Modern Slavery Act 2015 has, to date, mostly been associated with companies involved in or sourcing from ‘high-risk’ industries such as mining, agriculture, fishing or manufacturing. However, financial institutions with an annual turnover greater than £36 million must also now produce a modern slavery statement. As a result, financial institutions can support anti-human trafficking efforts by:

- Carrying out necessary due diligence to ensure that they are only investing in or loaning funds to projects or companies that are showing commitment to the eradication of trafficking and slavery, paying particular attention to those industries that are known to be high risk.<sup>4</sup>
- Performing due diligence on goods and services provided to them such as cleaning, catering and security, as well as all other services that use agency, temporary or migrant staffing, and ensuring that staff are aware of the issue of human trafficking.

3. Aviva Freudmann, ‘The Road from Principles to Practice: Today’s Challenges for Business in Respecting Human Rights’, *The Economist Intelligence Unit*, 2015, p. 4.

4. Any industry which uses low-skilled or migrant labour and involves hazardous or monotonous work is at higher risk of involvement with labour exploitation. Subcontracting and the use of labour agencies also increases the risk of modern slavery. For an overview of a selection of ‘high-risk’ industries see, Anne-Marie Barry and Rachel Palmer, ‘Forced Labour, Human Trafficking & the FTSE 100: A Review of Company Disclosure and Recommendations for Investor Engagement’, *Finance Against Trafficking*, October 2015.

- Taking the immediate and practical step of ensuring that staff receive human trafficking awareness training, for example with regard to reporting suspicions such as a customer acting as though under the direction of another when depositing or withdrawing money.
- Working to ensure that they are neither hosts to nor conduits for illicit proceeds of modern slavery, and monitoring transactions for suspicious THB-related activity.

Under the UK Modern Slavery Act 2015, modern slavery (the legal definition of which encapsulates forced and compulsory labour and human trafficking) is now a predicate offence<sup>5</sup> to money laundering and thus allows the financial gains earned from this crime to be targeted by the powers of the Proceeds of Crime Act 2002 (POCA). By consolidating the different offences of servitude, forced labour, slavery and human trafficking into ‘criminal lifestyle’ offences it has become easier for confiscation proceedings to be brought against someone committing an act of modern slavery. It is also a signal to financial institutions that ‘the Government’s increased focus on eradicating modern slavery and people trafficking may translate into increased enforcement by the authorities of POCA’.<sup>6</sup> As can be seen from the THB-focused efforts of the UK’s Joint Money Laundering Intelligence Taskforce (JMLIT) – launched shortly before the Modern Slavery Act received Royal Assent – tackling this form of financial crime is now prioritised alongside more traditional forms of money laundering.

The UK government’s overall response to human trafficking increasingly highlights the need for improved financial investigation by law enforcement agencies with the help of financial institutions. This is underlined by the UK Independent Anti-Slavery Commissioner’s *Strategic Plan 2015–2017*,<sup>7</sup> which aims to:

- Target illicit money flows.
- Encourage improved data sharing as part of better partnership development.
- Increase the filing of suspicious activity reports (SARs)<sup>8</sup> by banks and other financial institutions in relation to modern slavery.
- Work with partners to engage with the financial sector to encourage development of initiatives and tools to tackle the unwitting facilitation of modern slavery crime.
- Improve the use of financial intelligence to strip assets from offenders.

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5. A predicate offence is a crime that is a component of a more serious criminal offence.

6. Norton Rose Fulbright, ‘Modern Slavery Act – Impact on Regulated Financial Services Firms’, April 2015, <<http://www.nortonrosefulbright.com/knowledge/publications/133892/modern-slavery-act-impact-on-regulated-financial-services-firms>>, accessed 17 January 2017.

7. Independent Anti-Slavery Commissioner, *Strategic Plan 2015–2017* (London: The Stationery Office, 2015).

8. Persons in the UK regulated sector are required under Part 7 of the POCA and the Terrorism Act 2000 to submit a SAR in respect of information that comes to them in the course of their business if they know, or suspect, or have reasonable grounds for knowing or suspecting, that a person is engaged in, or attempting, money laundering or terrorist financing.

In light of this and the Home Office's determination 'to ensure that modern slavery does not pay',<sup>9</sup> financial institutions should be increasingly motivated to understand the nature of human trafficking in the UK and the ways in which they are able to assist law enforcement agencies with its identification and disruption.

## Financial Institutions and Human Trafficking: The Need for Action

Financial data are not only important for identifying the proceeds of crime related to THB, they can also provide crucial evidence when it comes to building a case in court; prosecutions for THB often rely heavily on victim statements, a challenging method for securing convictions. In the view of the European Commission, information yielded by financial investigations can improve the conviction rate and lessen the need to rely on complex witness protection measures, and '[e]vidence gathered from money trails might provide the necessary additional proof [...] thus relieving victims of the burden of testifying in court'.<sup>10</sup> Financial institutions can therefore not only contribute to the prevention of THB by ensuring greater awareness of the services they commission and the businesses they finance, they can also provide invaluable support to the identification, disruption and prosecution of THB cases as a result of their ability to analyse the associated money flows.

Despite the considerable difficulties in effectively detecting human trafficking through money flows, financial institutions are increasingly seeking to apply their capabilities to the task. The proceeds generated by human trafficking are, in many jurisdictions, a predicate offence for money laundering. As previously noted, while the individual amounts paid into or transferred between bank accounts are small compared with other predicate offences, the high volume of THB-related transactions means that the overall amount is significant enough to create vulnerabilities to disruption activity and expose criminals to network and activity analysis. The human aspect and impact of trafficking, and the attention brought to the crime among financial institutions through initiatives such as the JMLIT and the US and European Bankers' Alliances, also make identifying and disrupting the finances of those that benefit from this crime an increasing priority.

This increased focus is reflected in the 2016 Dow Jones and ACAMS 'Global Anti-Money Laundering Survey' (their first survey to address the issue of human trafficking), which finds that:

Nearly 70% of respondents report their organizations have modified AML [anti-money laundering] training and/or transaction monitoring to incorporate human trafficking and smuggling red flags and typologies.<sup>11</sup>

Given the comparatively recent focus on the issue of human trafficking and smuggling by the financial sector in contrast to other money laundering offences, this is a striking finding. If such

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9. HM Government, '2015 Report of the Inter-Departmental Ministerial Group on Modern Slavery', p. 22.

10. European Commission, 'The EU Strategy Towards the Eradication of Trafficking in Human Beings 2012–2016', p. 9.

11. Dow Jones and ACAMS, 'Global Anti-Money Laundering Survey Results 2016', 2016, p. 3.

implementation is leading to material results, which interviews with – and case studies provided by – personnel from financial institutions in both the US and the UK suggest is the case (see Box 9), then it represents a powerful example of where financial institutions can enhance the effectiveness of law enforcement agencies in disrupting certain crimes.

It should be noted that the majority of respondents to this survey were from the Americas (the US in particular), reflecting the already significant steps taken by financial institutions there to engage with the issue of THB. The US, like the UK, is a destination country for human trafficking, with victims reportedly exploited in similar environments.<sup>12</sup> Financial institutions in the US began to recognise their capability in the disruption of THB earlier than in the UK, with one institution teaming up with law enforcement agencies to create human trafficking typologies as far back as 2010. Before exploring the response of the UK financial sector to THB, therefore, it is worth outlining efforts to tackle human trafficking undertaken by US authorities, in partnership with financial institutions, to show how together they have led the way and acted as a catalyst for action in the UK.

The remainder of this report will seek to illuminate how financial institutions have thus far sought to operationalise and implement efforts to disrupt human trafficking. It will consider how US financial institutions have interpreted the THB-related outputs of the US Bankers' Alliance Against Trafficking and the US Financial Crimes Enforcement Network (FinCEN, the US financial intelligence unit) and how this has acted as a prompt for action in the UK, where financial institutions are now likewise engaging with the NCA and the recently formed JMLIT. This report will outline these collaborative efforts, along with individual efforts that have been highlighted during interviews conducted with personnel from a selection of institutions. While the interviewees demonstrated varying degrees of engagement with the issue of THB, all of them acknowledged that financial transaction analysis could contribute, to some degree, to the disruption efforts of law enforcement agencies.

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12. US Department of State, 'Trafficking in Persons Report', June 2016, p. 387.



## IV. From Theory to Practice

As awareness has grown of the role financial institutions can play in assisting law enforcement agencies' efforts to disrupt human trafficking, their response has typically consisted of the following two primary elements: first, interpretation of the guidance provided by the authorities to produce training and awareness material that is relevant for staff, both those who are customer-facing and those involved in internal financial intelligence or investigation units; and, second, the creation of profiles from this guidance that can be coded by analysts, tested with law enforcement and used to interrogate transaction databases.

Interviews with personnel from financial institutions revealed that there is a mixed approach to implementing the processes outlined above. Some institutions are investing time in adapting alerts and guidance to fit their individual corporate structure (for example the existence of a branch network, the extent of their geographic footprint, or based on previously defined financial crime priorities), or creating bespoke transaction database interrogation algorithms. Others are more reactive, typically undertaking and developing investigation work as a result of law enforcement enquiries or THB-related account holder negative media alerts.

Given that only one financial institution felt that it had the necessary insight and experience to implement automatic screening for indicators of human trafficking, most financial institutions are investing significant staff time in undertaking proactive investigation of historic transaction records to identify potential leads for investigation rather than relying on real-time transaction monitoring-based alerts.

### The US Approach

#### **Collaborative Action: The Bankers' Alliance Against Trafficking**

Conceived in 2012 by the Thomson Reuters Foundation and Manhattan District Attorney Cyrus Vance Jr, the Bankers' Alliance Against Trafficking in the US brought together financial services companies, NGOs and law enforcement agencies in a collaborative effort to target and tackle human trafficking through the use of financial data. This project resulted in a guidance paper<sup>1</sup> and informed advisory information produced by FinCEN aimed at empowering the wider financial industry to help detect and report suspicious transactions related to human trafficking and smuggling (Box 6).<sup>2</sup>

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1. Barry M Koch, 'Human Trafficking: Customer and Transaction Traits That May Present Risk', guidance paper presented to the Council of Europe/Organization for Security and Cooperation in Europe Conference 'Not for Sale – Joining Forces Against Trafficking in Human Beings', Vienna, 17 February 2014.
  2. US Department of the Treasury FinCEN, 'Guidance on Recognizing Activity That May be Associated with Human Smuggling and Human Trafficking – Financial Red Flags', Advisory, FIN-2014-A008,



The increased focus on human trafficking by financial institutions has resulted in some success. According to the Manhattan District Attorney, his office has, with the help of financial institutions, 'been able to secure convictions against traffickers without having to rely solely on the testimony of victims who often suffer emotional, physical, or sexual abuse'.<sup>3</sup>

**Box 6:** FinCEN Guidance on Recognising Activity that May be Associated with Human Smuggling and Human Trafficking – Financial Red Flags.

The guidance issued by FinCEN in September 2014 provides a detailed list of 'red flags' that could indicate financial activity related to human smuggling and human trafficking. Explicating the difference between trafficking and smuggling, it also advises that financial institutions include these terms in the 'Narrative and the Suspicious Activity Information' of the suspicious activity reports they file with FinCEN when there is suspected human trafficking activity, with an explanation of the reasoning behind this suspicion. These red flags were distributed to law enforcement agencies and financial institutions in the US and internationally.

*Source: US Department of the Treasury FinCEN, 'Guidance on Recognizing Activity that May be Associated with Human Smuggling and Human Trafficking – Financial Red Flags'.*

Under global financial crime reporting standards, regulated entities such as banks are required to report cases of 'suspicious activity' by their clients to their national financial intelligence unit. In the US, FinCEN reported that in the 2014 calendar year, the phrase 'human trafficking' was entered 820 times in free-text fields in the SARs of US depository institutions, accounting for only 0.1% of filings for that year.<sup>4</sup> Following the release of FinCEN's September 2014 guidance, in 2015 it was reported by Adam Szubin, then Acting Under Secretary for Terrorism and Financial Intelligence, that there had been a significant increase in SARs citing signs of human trafficking.<sup>5</sup>

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11 September 2014.

3. Cyrus R Vance, Jr and Thomson Reuters Foundation, 'Paper to Mark US National Human Trafficking Awareness Day', press release, 10 January 2014.
4. FinCEN, 'SAR Stats', Technical Bulletin, October 2015, p. 37.
5. Kira Zalan, 'Lawmaker Drafting Bill to Increase Banks' Role in Fighting Human Trafficking', ACAMS/moneylaundering.com, 17 September 2015.

## Operationalising Guidance: Examples from the US

### Integrating Human Trafficking into Investigations Capabilities

In recent years, human trafficking has become integral to the investigation units of all those US financial institutions whose personnel were interviewed for this report. One revealed the extent of this integration:

- It mandates that newly employed financial investigators pass an exam that includes a section on human trafficking investigations, with staff also regularly required to complete training on the subject.
- A special investigations team with human trafficking expertise receives any alerts that come from a branch and which may indicate human trafficking.
- If alerts that have previously proved to be related to human trafficking are reported, investigators are encouraged to look beyond the basic alert to consider whether there are other elements that might reveal the presence of human trafficking. For example, if an alert is triggered for ‘structuring’ (the term used for a series of connected transactions executed in such a way as to try and avoid being noticed), then given this is a typical modus operandi for certain types of financial crime, including human trafficking, investigators should consider the question: ‘structuring to what end?’

This financial institution also runs occasional investigation projects on various crimes, including human trafficking. An example of such a process was given as follows:

- The definition of a hypothesis and the development of an investigation scope (such as trafficking in the border area with Mexico).
- The identification of data sources and the development of an investigation methodology specific to the hypothesis and investigation scope.
- The gathering of internal and external data, including information gleaned from relevant law enforcement agencies and other financial intelligence units, in order to be able to interrogate the data as intelligently as possible. This is also important as it allows the team to explain to examiners and internal stakeholders the reasoning behind their actions and address any concerns raised regarding opportunity costs.

The above process is also used to identify customers that do not fit the institution’s risk profile as well as future indicators of risk.

Like others, this financial institution also monitors certain types of travel (long-distance coach bookings, for instance), regular payments to adult service advertising websites such as Backpage and craigslist, and unusual shopping patterns (such as large grocery purchases or bulk rentals from automatic DVD rental kiosks – proven indicators of activity undertaken by traffickers endeavouring to occupy groups held for exploitation when they are not working). These indicators are built into the institution’s protocols so that when a human trafficking suspicion is

flagged through real-time monitoring (for instance, via a structuring alert), it is able to monitor further account activity for these previously identified indicators of human trafficking.

On a more fundamental level, this institution uses updated FinCEN advisory publications to determine whether existing coverage and monitoring addresses any new requirements or guidance from FinCEN, tweaking them as necessary. It uses its analytics group to see what indicators can be found in its data that can then develop into risk factors to create alerts. Anti-human trafficking training is delivered to both compliance and transaction monitoring groups, as well as to tellers in branches on the front line looking for signals of 'at-risk persons'. Another financial institution has a similarly strong focus on equipping its front line staff, who even have an app that they can use to report suspicions directly to the investigations unit. It also runs 'lunch and learn' sessions for financial crime compliance staff, including some run by NGOs on human trafficking risk factors, and has an internal steering committee on human trafficking made up of members of senior management.

### **Human Trafficking Detection Through Correspondent Banking**

Banks with a limited retail branch presence in the US have developed a different approach to engagement with the issue of human trafficking. One bank reported that it uses its role as a major correspondent bank<sup>6</sup> for financial institutions in at-risk countries (in Asia, for instance) to try to monitor for suspicious money flows from destination countries (where exploitation takes place) back to countries of origin (where victims are usually recruited). In this case, the bank uses a 'look back team' to study transactions that could reveal THB cases. This includes cases where the bank was facilitating flows from multiple senders in one country back to a single beneficiary in a well-known origin country. This has been done by using geographic filters and keyword searches in SWIFT messages (the interbank service for communicating financial transactions) looking for particular high-risk industries.

Country-risk filtering is determined by matching the bank's correspondent banking countries with open source reports, such as the Global Slavery Index.<sup>7</sup> This report looks at the prevalence of modern slavery and specific exploitation types in countries around the world. It allows the bank to identify the 'hotspots' for human trafficking and determine jurisdictions of interest. In this case, the bank has identified eleven among the countries where it operates. From there, the bank seeks to understand the associated trafficking corridors and known nodes in the country, enabling more targeted screening. If this process provides any hits, adverse media screening is then undertaken to see whether the hits they have made deserve further investigation (Box 7).

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6. A correspondent bank acts as an intermediary, transferring funds between two banks that do not have a direct relationship. Correspondent banks are typically large, global banks that have a presence in a range of countries that enables them to act as the 'plumbing' that underlies the global financial system.

7. Global Slavery Index, <<http://www.globalslaveryindex.org/>>, accessed 18 January 2017.

**Box 7: Harnessing Adverse Media Screening.**

As part of a financial institution's due diligence process, often referred to as 'Know Your Customer' (KYC) or 'client due diligence' (CDD), it will typically screen clients or transactions for connections with adverse media reporting. While official bodies such as the UN or domestic sanctions bodies such as the US Office of Foreign Asset Control limit themselves to providing details of sanctioned entities or individuals, a number of private sector companies provide services that compile watchlists based on media monitoring. Financial institutions can draw on these services to conduct adverse media screening as they seek to protect themselves from exposure to criminal activity. Although the process is not without its critics and concerns,<sup>1</sup> the penetration that these due diligence compliance services have into the majority of financial institutions means that feeding these providers with details of human trafficking activity gleaned from often local, non-English-language sources, is a powerful way of alerting financial institutions to individuals and organisations.

Anti-trafficking NGO Liberty Asia has begun to tap into this means of disseminating THB-related information to the financial sector. The organisation notes on its website that it 'works with NGO partners, and information service providers, to research and make available information on those identified as benefitting financially from slavery, to the financial service sector, to help them make better business decisions, under Anti-Money Laundering ("AML") and Anti-Bribery & Corruption ("ABC") regulatory requirements.'<sup>2</sup>

1. Namir Shabibi and Ben Bryant, 'VICE News Reveals the Terrorism Blacklist Secretly Wielding Power Over the Lives of Millions', *VICE News*, 4 February 2016.
2. Thomson Reuters, 'Thomson Reuters Partners with NGOs to Fight Human Trafficking', 17 June 2015.

## The UK Approach

### **Collaborative Action: The Joint Money Laundering Intelligence Taskforce (JMLIT)**

Formed initially as a pilot in February 2015 before being placed on a permanent footing in April 2016, JMLIT convenes UK financial institutions and law enforcement agencies (led by the NCA) for regular consultations. In this forum, crimes related to money laundering are discussed and analysed, with the aim of improving disruption via public-private sector collaboration.

According to the NCA, since its inception, JMLIT has brought about 'targeted and coordinated interventions by law enforcement and the financial sector, and greater opportunities to use the tools and expertise across the public and private sector to tackle money laundering threats impacting the UK'.<sup>8</sup> While no breakdown of crime type has been provided, JMLIT's work has

8. NCA, 'Joint Money Laundering Intelligence Taskforce (JMLIT)', <<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/economic-crime/joint-money-laundering-intelligence-taskforce-jmlit>>, accessed 18 January 2017.

contributed to the identification of 2,100 suspicious accounts, the instigation of more than 730 private sector-led internal investigations into customers suspected of money laundering, and the arrest of 58 individuals.<sup>9</sup>

The creation of JMLIT has also led to a significant increase in trust and collaboration between financial institutions and law enforcement agencies in the UK, which has led to a more focused and effective response to a range of financial crimes, including THB.

**Box 8: NCA Red ALERT: Potential Indicators of Slavery and Human Trafficking.**

In December 2014, prior to the formal inception of JMLIT, this NCA guidance was issued after a consultation between the members of the NCA and the banks involved in the taskforce. The list provides a relatively short number of indicators related to account activity in cases of labour exploitation, benefit trafficking, victim-identity hijacking and child trafficking, as well as a section of information on the general picture of trafficking in the UK (as in 2014).

*Source: NCA, 'Red ALERT: Potential Indicators of Slavery and Human Trafficking', A4R13670, December 2014.*

JMLIT's first year in operation was deemed a success by a pilot review report by FTI Consulting released in April 2016. The review concluded that the taskforce had met its initial objectives and would become strengthened and permanent, asserting that 'a public/private partnership in combating financial crime is viable and powerful'.<sup>10</sup> Understanding the funding flows linked to human trafficking and organised immigration crime is one of JMLIT's four key priorities and interviews with financial actors participating in its process confirm that it has helped financial institutions develop a better understanding of human trafficking indicators. It has also helped to expose specific human trafficking cases by allowing for greater information sharing between financial institutions and law enforcement agencies.

As with the entire JMLIT structure, key to the continued success of JMLIT's work on human trafficking will be maintaining the commitment of financial institutions and law enforcement agencies to the process on what is for many (and seems likely to remain) a goodwill basis.

### **The European Bankers' Alliance**

Building on the success of the US Bankers' Alliance, in 2015 the Thomson Reuters Foundation, supported by Europol, established the European Bankers' Alliance – a working group that includes representatives from leading European financial institutions (including many of the banks participating in JMLIT's anti-trafficking work stream), the expert anti-trafficking NGO Stop

9. Hansard, House of Commons, 'Criminal Finances Bill', First Sitting, 15 November 2016, Column 1.

10. FTI Consulting, 'JMLIT Pilot Review – Executive Summary', 2016, <<http://www.nationalcrimeagency.gov.uk/publications/708-jmlit-executive-summary-of-fti-report/file>>, accessed 10 February 2017.

The Traffik, the UK Independent Anti-Slavery Commissioner, the NCA and international law firm Herbert Smith Freehills LLP.

This second iteration of the Bankers' Alliance model has taken more time – the European human trafficking dynamic differs considerably to that in the US and its disruption is inherently more complex, given the need to work and share information across national borders. Nevertheless, in the first quarter of 2017 it is expected to publish a set of financial and behavioural indicators of human trafficking in accounts and other interactions with bank customers, tailored to Europe, together with guidance on how these indicators can be used in practice to identify and report cases of trafficking.

## Operationalising Guidance: Examples from the UK

In a similar way to the US, it is common for UK financial institutions to take guidance provided by law enforcement agencies and interpret it for their own business. For those institutions that have engaged fully with THB disruption, this work forms a core part of their overall financial crime compliance mission, with senior management paying close attention to progress through regular – rather than ad hoc – strategy meetings specifically focused on THB, thereby ensuring that the latest THB trends are being reflected in transaction monitoring and investigations.

Engagement with law enforcement agencies is also a key contributor to the THB disruption efforts of some institutions. This engagement not only provides insight and guidance on the work the institution is doing, but also helps educate law enforcement on how they can better harness the capabilities of the financial sector.

Finally, the training of staff – particularly those in contact with customers in areas where THB is known to be prevalent – was a common theme expressed by many in recognition of the fact that alert interactions with account holders can provide vital insight into whether a customer is the subject of coercion.

### **Sexual Exploitation Investigations**

As noted previously, UK financial institutions have applied particular focus to developing approaches to assist with the disruption of sexual exploitation. Profile-building and proactive transaction-data interrogation led one UK financial institution to file 80 high-quality, sexual exploitation-related SARs with its UK financial intelligence unit. Having partnered with local law enforcement and a human trafficking NGO, the institution was able to identify three lines of enquiry, the answers to which, in combination, provided a first indication that trafficking of Eastern European women into the UK for sexual exploitation may be present:

- Does an account receive multiple cash deposits of less than £10,000, particularly via automated cash deposit machines, negating the need for human interaction?
- Does the account make repeated payments to certain websites known to advertise adult services, which can also be used to advertise exploited persons?

- Is the account used for making multiple airline bookings with low-cost airlines known to fly to/from Eastern European locations that are recognised as key source countries for sex trafficking victims into the UK? In addition, having made these bookings, does the account exhibit any typical travel-related spending? (An absence of spending would suggest that the account holder has booked the flight for someone else and has not travelled themselves.)

This screening provided a number of possible cases worthy of investigation. Other filters were then introduced to strengthen the case for further investigation, including an analysis of geographic location that pointed to ‘hotspots’ where sexual exploitation is known to take place, such as port cities, and the use of other tools, such as ATM and branch-based CCTV, to study the individuals making the cash deposits.

Another financial institution revealed a similar approach in its engagement with human trafficking, which also focused on sexual exploitation, by searching for a selection of transaction criteria, including:

- Multiple payments to websites that advertise adult services, such as AdultWork.
- Regular, large cash payments deposited into and then withdrawn from an account.
- Payments to high-end restaurants and cheap diners on the same day (with the assumption that exploited girls might be taken for expensive dinners while their handlers eat cheaply nearby).
- Regular (daily) payments of £10–20 to pharmacies that could be for contraceptives.

The hits generated by this analysis were then segregated by geography, age and nationality to determine which accounts were worthy of greater analysis, with particular attention paid to accounts that were held in the same name or at the same address.

While both of these financial institutions focused on sexual exploitation in their transaction-monitoring and profile-building, the latest report from the NRM shows higher numbers of victims trafficked for labour exploitation than those trafficked for sexual exploitation. However, as these first two cases and other interviews conducted for this report illustrate, sexual exploitation often remains the dominant focus of financial institutions addressing human trafficking and has historically been most commonly associated with the crime. Some financial institutions have also asserted that instances of sexual exploitation are easier to detect than labour exploitation as the latter often operates within a legitimate business setting and transactions seem more ‘ordinary’ than those relating to sexual exploitation. One institution did explain that coding can be written to interrogate transaction databases to identify specific indicators of labour exploitation, such as payments made into an account by employment agencies followed by multiple ATM or over-the-counter withdrawals to clear the account, or payments of wages followed by transfers back to the employer’s account.<sup>11</sup>

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11. NCA, ‘Red ALERT: Potential Indicators of Slavery and Human Trafficking’; Finance Against Trafficking, ‘Suspicious Financial Activity and Human Trafficking: Red Flags You Can Recognise’, Manual, October 2013.

**Box 9: Financial Institution Investigation in Action.**

Law-enforcement information was passed to financial institutions through a public–private sector information sharing initiative that identified individuals involved in human trafficking and sexual exploitation.

On reviewing the information, the financial institution found that it had no current banking relationships to the named subjects; however, further research by the bank’s internal financial crime intelligence team identified one of the individuals as the owner of several website domains which advertised escort, adult and massage services. Additionally, open source research discovered a direct link to a significant organised crime group specialising in the trafficking of humans and narcotics.

Despite the financial institution having no direct exposure to the core subjects of interest, it took the opportunity to research further. Analysis identified a historic connection between one of the subjects of interest and a former customer (A) that had previously been identified as a potential victim of human trafficking. This former customer had been the subject of an internal alert, summarised below.

**Internal Alert and Initial Review**

Branch staff noted that Customer (A) was regularly visiting to pay in cash, using the machine and avoiding the counter. Customer (A) was accompanied by the same male on each visit, who was checking her deposits and statements and controlling her actions. This report prompted an internal review to look at account activity and on completion of that review, the decision was taken to exit Customer (A) because:

- Transaction activity linked to the coercive and controlling behaviours supported an assessment that the accounts appeared to be under the control of others, and
- Subscription payments were identified going from the account to adult websites that law enforcement knew were used for sexual exploitation purposes.

Customer (A) also made payments to a further former Customer (B) who was serving a six-year sentence for conspiracy to control prostitution for gain. The financial institution’s intelligence team were able to confirm that those accounts were used to maintain a website that advertises the services of trafficked women on behalf of a brothel owner in London, as reported at the conclusion of Customer B’s conviction. Furthermore, Customer (A) had also transacted with a current Customer (C) who was making payments to a further Customer (D) operating an escort agency. This link analysis provided a strong indication of suspected perpetrators or controllers of THB-related activity.

*Source: Case study provided to the authors by one of the financial institutions interviewed for this report.*



## Discovering Connected Parties Through Collaboration

As UK financial institutions have sought to upgrade their financial crime compliance systems and transaction monitoring technology they have been able to undertake more detailed analyses, including assessments of connected parties (see Box 9). This means they are able to screen their systems for account holders connected to those who have been prosecuted for human trafficking and thus scrutinise financial linkages. For example, based on one law enforcement enquiry it received, a bank discovered that although it did not service the account holder in question, one of its customers was connected to that account holder, triggering an investigation that identified a broader network showing activity consistent with human trafficking. This analysis also revealed corporate customers that were (wittingly or otherwise) providing services (such as serviced apartments) to these networks. Not only did this project allow the institution to contribute to an investigation, it also allowed it to identify useful new indicators related to human trafficking, including fraud, certain types of bank account activity and particular types of travel, and thus develop its own, new investigations.

As these cases indicate, financial institutions in the UK are working hard to develop methodologies for either developing their own investigations into human trafficking or taking advantage of enquiries from law enforcement agencies or JMLIT to trigger wider transaction data investigations. Furthermore, they are also reviewing court cases and prosecutions to discover additional identifiers, such as addresses and convicted individuals. This enables them to improve future investigations and, in some cases, revisit old cases on the basis of new leads.

## Barriers to Action

While a number of financial institutions are achieving proven results in their efforts to identify THB (and all emphasised their belief in, and commitment to, using their capabilities to disrupt the crime), a number of key barriers are hindering progress.

First, across the range of financial institutions that supported the research for this report, all asserted that while very tight risk factors can be automated, most human trafficking-specific signals are not that dissimilar to normal commercial activity and therefore automating triggers is challenging. One trigger that could be automated is regular or multiple payments to adult websites with credit cards. However, distinguishing, for example, between payments to a 'clean' nail salon or one engaging in criminal activity is very difficult without an intelligence lead provided by law enforcement that can guide the financial institution's monitoring more precisely. Consequently, as automation has not proven its ability to contribute the degree of benefit that it does against other forms of financial crime, undertaking human trafficking-related investigations is highly resource intensive. Some financial institutions even expressed concerns that the limited 'return on effort' might discourage them and others from remaining committed to this work. Moreover, given that groups engaging in this crime often work within the cash-based economy and rely on money service businesses, formal sector financial institutions have not always viewed human trafficking as a high-risk issue for their business, particularly when

weighed against other forms of criminality to which they are exposed and expected by the authorities to respond.<sup>12</sup>

Second, and related to this, while there is clearly an impetus for good work to be done voluntarily in exploiting financial data to detect and disrupt human trafficking, there is a sense among some financial institutions engaging in this work that little (if any) regulatory credit is received for these efforts. Even worse, they find that steps taken in good faith can sometimes lead to penalisation and censure. As one noted, their processes, documentation and governance are scrutinised to such a degree that there is fear that they may ‘open a can of worms’ when doing voluntary work with financial data. Indeed, some financial institutions have declined to participate in voluntary schemes as they are of the view that ‘no good deed goes unpunished’. One concern that was regularly voiced by US financial institutions in particular was the tension between an institution’s regulatory obligations and what it chooses to do in order to be ‘a good corporate citizen’.<sup>13</sup>

Third, the use of multiple payment methods across a spectrum of financial institutions, as well as the high volume and small denominations that bypass monitoring systems, makes it particularly difficult for individual institutions to detect such THB-related activity without receiving intelligence leads. The multi-jurisdictional nature of transactions and the associated challenge of cross-border information sharing remains a huge barrier to action, particularly for financial institutions within the EU, as the human trafficking ‘supply chain’ is often spread across several countries. Thus, the relationship between law enforcement agencies and financial institutions is crucial, but faces the same partnership and information-sharing issues experienced more broadly in the public–private sector effort to tackle financial crime. This includes a perceived lack of feedback and guidance from law enforcement agencies that would allow financial institutions to deploy their capabilities more intelligently. More specifically, as described by one financial services business to Eurojust,<sup>14</sup> financial investigations are reportedly triggered at too late a stage in criminal proceedings, and ‘there is a significant intelligence gap among LEAs [law enforcement agencies] regarding the financial aspects of THB’.<sup>15</sup>

With this latter point in mind, one institution felt that the biggest risk to current efforts is the lack of a formal, structured and coordinated effort to tackle human trafficking that has been endorsed by law enforcement. In the US case, a more permanent version of the Thomson Reuters Foundation and Manhattan District Attorney’s project – acting as a fusion cell and disseminator of human trafficking-related indicators and intelligence gathered from NGOs and

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12. Some money service businesses have now taken significant action to address this risk: Western Union launched an initiative in 2013 in which it proactively took a public–private partnership approach to addressing human trafficking, and was the first financial services company to join the Department of Homeland Security’s Blue Campaign, which focuses on combatting human trafficking in the US.

13. For a detailed discussion on this issue, see Inês Sofia de Oliveira et al., ‘Building Trust and Taking Risks in the Global Effort to Tackle Financial Crime’, *RUSI Occasional Papers* (October 2016).

14. THB Project Team, ‘Outcome Report’, presentation given at Strategic Meeting on Trafficking in Human Beings, Eurojust, The Hague, 16–17 April 2015.

15. Europol, ‘The THB Financial Business Model: Assessing the Current State of Knowledge’.

court cases – was proposed by some as being worthy of consideration. This is a role that the human trafficking experts' group of JMLIT will hopefully also develop.

Finally, a number of financial institutions spoke of their efforts to engage the NGO sector to learn from their experiences so they can develop more informed human trafficking profiles. Despite this engagement and the enthusiasm of some, several financial institutions reported reluctance on the part of other NGOs with these approaches, as they expressed concerns as to what would be done with the information that is shared. For example, giving a bank a list of suspect massage parlours might cause the bank to take de-risking action to rid itself of any connection to such suspicious account holders and close the associated bank accounts, leading to a negative impact on potential victims of modern slavery reliant on the disrupted facilities to earn the money they owe to their traffickers. Furthermore, due to the number and specialisation of NGOs working within the anti-trafficking sector, information often tends to be fragmented or of varying quality.

# V. Conclusions and Recommendations

**T**HE REASONS FOR tackling trafficking in human beings are moral, legal, economic and commercial. Moral and legal because, in light of the UK's Modern Slavery Act 2015, there is an imperative to ensure that everything is being done to protect people from being used as commodities or providing criminals with the services or the demand that allows them to do so. Economic and commercial because the significant illicit proceeds that are generated by human trafficking are laundered and integrated into the legitimate economy, threatening financial integrity. THB shows no sign of abating and is likely to be exacerbated by the dramatic rise in irregular migration into Europe, increasing vulnerability and making migrants and refugees more susceptible to exploitation.

This report seeks to show that the use of proactive financial investigations and anti-money laundering techniques to properly target human trafficking could contribute significantly to law enforcement efforts to disrupt the crime. Some of the methods that can be and are being employed by financial institutions to enhance their contribution to the disruption of human trafficking include: training on human trafficking for both financial investigators and front line staff; building profiles and typologies reflecting the activity of networks involved in the crime; and working with other agencies with relevant information and knowledge on the issue. Most significantly, effective financial indicators from financial institutions can provide law enforcement agencies with a picture of money flows and open lines of enquiry to actors 'upstream', identifying those colluding with traffickers in a transnational context and allowing prosecutions to be secured with less need to rely on victims' testimony alone.

However, this process is not without significant challenges and seemingly relies on a considerable investment of goodwill by the private sector, underpinned by a commitment to partnership and information sharing by law enforcement agencies. To advance success, NGOs must also be willing to engage in this process if both financial institutions and law enforcement agencies are going to define effective profiles that help trigger investigations.

Reflecting on our research, and seeking to identify ways in which the current enthusiastic but nascent engagement with this issue by the financial sector in the UK can be maintained, this report concludes with the following recommendations for future action:

1. Financial institutions must continually seek knowledge from law enforcement and THB-focused NGOs to ensure that staff training and investigation approaches reflect expert insight and guidance on:

- a. The changing nature of human trafficking, including typologies (for example, enabling a more balanced focus between sexual and labour exploitation; the former currently receives a disproportionate degree of focus).
  - b. High-risk industries and countries of origin, destination and transit for THB.
  - c. Financial crime trends, such as greater use of online payments and use of prepaid cards, as well as increased diversification in the use of trafficking victims beyond sexual and labour exploitation, such as for theft, organised property crime, benefit fraud and drug production.
  - d. The changing nature of trafficking business models, which react to legislation, disruption and the emergence of new 'markets'.
2. More generally, engagement with NGO groups that support victims of human trafficking can provide both an insight into the methodologies used by traffickers and also a victim-focused perspective, which will help create more precise profiles and red flags for trafficking-related financial transactions.
  3. Financial institutions should interpret law enforcement, NGO and other guidance sources to ensure these are relevant for, and applicable to, both staff in branches and internal financial intelligence and investigation teams. Human trafficking should feature as a specific element of all financial crime-related staff training, including the introduction of mandatory tests to ensure that front line and investigative staff have sufficient awareness and understanding of how to detect the crime.
  4. Financial institutions and law enforcement agencies must continue to build and maintain collaborative and supportive relationships in which there is sharing of information and typologies. Public–private partnership forums, such as JMLIT, should act as fusion cells and disseminators of human trafficking-related indicators and intelligence gathered from court cases and convictions.
  5. Forums such as JMLIT or the US Bank Secrecy Act Advisory Group (using Section 314(a) of the USA PATRIOT Act<sup>1</sup>) should be used by law enforcement agencies to provide regular and detailed feedback or specific, anonymised guidance to financial institutions based on human trafficking-related suspicious activity reports so that financial institutions can fine-tune monitoring and investigations.
  6. Law enforcement agencies and policymakers should ensure the regular participation of NGOs who have specific expertise or front line experience in the field of anti-trafficking in such public–private sector forums.
  7. Recognising the reliance placed on private sector compliance tools by financial institutions, greater investment should be made in compiling human trafficking-related negative media content, such as that provided to Thomson Reuters by Liberty Asia,<sup>2</sup> to improve the effectiveness of financial institutions' automatic transaction and client screening.

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1. US Department of the Treasury, Financial Crimes Enforcement Network (FinCEN), 'FinCEN's 314(a) Fact Sheet', 2 February 2017, <<https://www.fincen.gov/sites/default/files/shared/314afactsheet.pdf>>, accessed 8 February 2017.

2. Thomson Reuters, 'Thomson Reuters Partners with NGOs to Fight Human Trafficking', 17 July 2015, <<http://thomsonreuters.com/en/press-releases/2015/06/thomson-reuter-partners-with-ngos-to-fight-human-trafficking.html>>, accessed 10 February 2017.

8. Financial institutions should ensure that their Know Your Customer (KYC) and ongoing due diligence processes consider the extent to which their clients are exposed to human trafficking in their business or supply chains.

Despite the challenges faced by the financial sector in detecting and disrupting human trafficking, there is clearly a strong willingness on the part of the industry to engage with law enforcement and the anti-THB NGO community to develop ways to deploy the industry's considerable troves of transaction data and investigation and analysis capabilities. As this report reveals, human trafficking is a crime that touches many different agencies and sectors and as such requires joined-up thinking. With little known about the workings of the perpetrators behind the crimes, and even less about their finances, the emerging successes revealed by the involvement of the financial sector in this area suggest that the argument for engagement is overwhelming. However, it will ultimately fail unless partnership and information sharing among all those seeking to address this crime is assured.



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