Combating Human Trafficking & Modern Slavery

Correspondent Banking Academy
What Will You Learn?

- **Define** human trafficking, human smuggling, and modern slavery
- **Understand** the global scale and characteristics of human trafficking
- **Understand** the role of financial institutions in combating human trafficking and **Recognize** red flags
What is human trafficking and modern slavery?

40.3 million people are human slaves

89 million people experienced some form of slavery within the past 5 years
Human Trafficking is a silent crime, and money laundering is its silent partner.
Definition of Human Trafficking

3 ELEMENTS OF HUMAN TRAFFICKING

Traffickers undertake action using means for the purpose of exploiting people

**Action**
Recruiting, transporting, transferring, or harbouring of people

**Means**
The use or threat of force, coercion, fraud, deception, or abuse of power

**Purpose**
To exploit another person

“The recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.”
What does ‘exploitation’ mean?

- Sexual exploitation
- Forced Labour
- Domestic Servitude
- Forced Marriage
- Child Soldier
- Illegal Organ Trafficking
What are the Risk Factors for Human Trafficking and Modern Slavery?

Action – Recruiting, Harboring, Moving, or Obtaining a Person

Means - By Force, Fraud or Coercion

Purpose – To exploit another person
What are the Risk Factors for Human Trafficking and Modern Slavery?

- Poverty
- Gender
- Age
- Limited economic and educational opportunities
- Political conflict and armed conflict
- Climate change and natural disaster
- Weak protection structures (e.g. weak criminal justice system or social support)
- Marginalization and discrimination based on ethnicity, race, disability, and religion
- Social and cultural structures (power, hierarchy and social order)
- Individual’s drug and alcohol addiction and mental health
- Presence of transnational organised crime
- Presence of irregular migration paths and community tradition of movement
Why do victims stay?

- Abuse of vulnerability
- Deception
- Restriction of movement and isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Involvement in illegal activity
Human Smuggling vs. Human Trafficking

Human Smuggling involves persons choosing to immigrate illegally.

Human Trafficking involves use of force, coercion and exploitation.
Human Trafficking Key Facts

Human trafficking is linked with other crimes

- Organised crime
- Illegal wildlife trade
- Terror finance
- Cybercrime
- Corruption
- Fraud
A highly profitable criminal industry

Financial Institutions have a regulatory obligation to identify and report illicit flows linked with human trafficking and modern slavery, just as for other crimes.

Criminals see human trafficking and modern slavery as low risk – high reward. We must invert this and make this criminal activity less profitable.
A highly profitable criminal industry

EVERY COMPANY HAS A PART TO PLAY in combating human trafficking and modern slavery

Defining the “financial fingerprint” of modern slavery

At Standard Chartered, we are:

Sharing best practice with peers and mobilising industry action

Assessing risk and conducting investigations

Playing an active role in industry initiatives

Building tools and raising awareness

Partnering with law enforcement agencies and non-government organisations

BE DILIGENT. BE CURIOUS. BE VIGILANT.
How Banks Can Help Stop Human Trafficking
Look for Red Flags

A Red Flag is anything that causes suspicion that illegal activity may be occurring.

Suspicion may arise from many sources.

**Indicators must be considered together, rather than focussing on a single one.**
Human Trafficking in Supply Chains

Which of these industries might involve human trafficking?

- Bamboo
- Bananas
- Beans
- Brass
- Bricks
- Cattle
- Charcoal
- Citrus
- Coal
- Cocoa
- Coffee
- Coltan, Tungsten & Tin
- Copper
- Corn
- Cotton
- Diamonds
- Fish
- Flowers
- Gold
- Granite & Gravel
- Other Stones
- Jewels
- Leather
- Melons
- Nuts
- Palm Oil
- Pineapple
- Rick
- Rubber
- Salt
- Shrimp
- Silk
- Silver
- Steel
- Strawberries
- Sugar
- Sunflowers
- Tea
- Tobacco
- Tomatoes
- Wheat
- Wool
- Zinc
High Risk Industries

- Agriculture
- Fishing
- Forestry
- Mining and Basic Metal Production
- Textile and Apparel Manufacturing
- Electronics and Electrical Products Manufacture
- Construction
- Transportation and Warehousing
- Healthcare and Personal Care Services: example – nail bars and beauty salons
- Hospitality
- Housekeeping and Facilities Operation
Industry Risk Factors

- Hazardous/undesirable work
- Vulnerable, low-skilled, easily replaced workforce and/or migrant workforce
- Presence of labor contractors, recruiters, agents, or other middlemen in labor supply chains
- Long, complex, and/or non-transparent product supply chains
- Substantial sourcing or subcontracting in high risk countries
According to the US State Department Trafficking in Persons Report 2017, countries considered to be most vulnerable to MSHT include:

<table>
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<tr>
<th>Belarus</th>
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<th>Burundi</th>
<th>Central African Republic</th>
<th>China (PRC)*</th>
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<td>Congo (Republic of)</td>
<td>Equatorial Guinea</td>
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<td>Venezuela</td>
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Customer Red Flags

- Use of trustees/authorised signatories
- Duplication of contact details
- Inconsistencies between income and apparent lifestyle/expenditure
- Third party involvement
- Physical indicators
- Documentary indicators (e.g. forged or inconsistent documents)
Product and Service Risk Factors

- Multiple accounts or products
- Cheques
- Online banking
- Cross-border activity
- Unusual behavior or unwillingness to meet face to face
- Unusual ATM activity
Transaction Risk Factors

- Unusual payments for transport or accommodation
- Unusual deposits and credits
- Unusual activity on individual accounts
- Unusual withdrawals and transfers
- Unusual payments for ‘necessities’
- Unusual payroll activity
- Payments to labor / manpower agencies
- Payments to advertisers / classified services
Encourage your staff to...

- Be **diligent** so you on-board only the right clients
- Be **curious** and know your clients well, question anything that doesn’t feel right
- Be **vigilant and act quickly** if you suspect unusual or suspicious activity
- Use **training, experience, intuition and judgement** to combat financial crime
- **Know who to contact** when you suspect something isn’t right

Threats and indicators continue to evolve.
AHT Contacts, Organizations and Resources

United Nations Office on Drugs and Crime (UNODC)
Office of the High Commissioner for Human Rights (OHCHR)
World Bank
United Nations University
Financial Action Taskforce (FATF)
National Cyber Forensics and Training Alliance (NCFTA)
Bank Alliance (European, US, Asia Pacific)
US Department of Labor
US State Department
UK Home Office
FinCEN
Interpol and Europol
UK National Crime Agency / JMLIT

International Labour Organisation
Alliance 87 / The Global Slavery Index
Royal United Services Institute (RUSI)
Walk Free Foundation
Polaris Project
We Are Thorn
Spotlight
Stop The Traffik
Verite
Liberty Asia
Global Initiative Against Transnational Organised Crime
The Mekong Club
International Centre for Missing & Exploited Children
War Child
Child Soldiers International
What Did You Learn?

Human trafficking is a global problem that affects every country, developed or developing.

Many financial institutions and their clients operate in geographies and industries that are at increased risk.

Financial institutions have a role to play, where appropriate working with each other, law enforcement, non-government organizations and other agencies.
What Did You Learn?

Financial institutions have a responsibility to detect and report proceeds of these crimes – human trafficking is a predicate offence to money laundering.

Follow the money to identify human trafficking: look for red flags.

Raise awareness across your bank, clients, and suppliers…

…and in your community.
Combating Human Trafficking

Any Questions?