

Combating Illegal Wildlife Trade

By Standard Chartered Bank, June 2018



Introduction

Trade in illegal wildlife has grown exponentially in the past decade, driven by consumer demand for wildlife products for use as medicine, pets, jewellery and ornaments. The implications of this trade – worth an estimated US\$7 – US\$23 billion¹ – go beyond its devastating impact on wildlife populations. Illegal wildlife trade has significant implications for development and security – fueling corruption and undermining the rule of law in key source and destinations countries.

Approaches to tackling this trade have been limited by too-narrow a conception of it as a conservation issue. Efforts to date have concentrated on the supply-side response. This is changing. The illegal wildlife trade (IWT) is increasingly being recognized for what it is – a transnational organized crime, offering the criminals involved a low risk, high reward source of revenue.

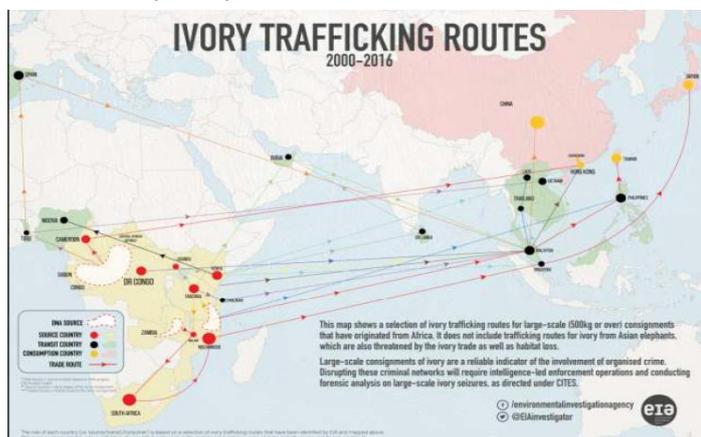
The solution lies in disrupting the business model. As with other proceeds-generating crimes, the Achilles heel of the trade is the very thing that motivates it – the money. The need to move, store and realise the proceeds of the trade provides an opportunity for law enforcement, working in partnership with the financial sector, to identify networks via their inescapable financial footprint and to remove the financial incentives of the trade. To date too little has been done to map the related financial flows of IWT. Here at Standard Chartered, we are beginning to leverage our partnerships and investigative capabilities to play our part in changing this.

The Background

For the past decade IWT's relevance and global impact has drawn increasing attention from governments and international bodies who are working to ensure that the trade does not drive precious species into extinction.

The considerable financial incentives involved have provided a challenge in this fight. The trade is estimated to be worth \$7-23 billion per annum - the most profitable and significant wildlife trafficking includes the illegal trade in ivory, rhino horn, great apes, rare birds, pangolin and big cats.

Furthermore, the truly global nature of this crime has meant that the traditional conservation-driven approach adopted to tackle the trade has been limited in its long-term impact. With the trade spanning continents from Africa to Asia via a variety of transit points across the globe, local supply-side interventions which neglect demand-side reduction have had limited impact on the risk-reward perceptions of traffickers.



[Source: The Environmental Investigation Agency]

- <https://www.awf.org/news/world-wildlife-day-highlights-severity-wildlife-crime>
- <https://www.fastcompany.com/3060740/interpol-says-that-environmental-crime-is-exploding>

Wildlife Crime as Organised Crime

Compared to other crimes, the trade's high profit margins and perceived low risk have made it an attractive vehicle for organised crime syndicates.

These syndicates are analogous to and often overlap with wider commodity-based organised crimes, such as drug trafficking. Their use of bribery, corruption, violence and intimidation as tools of their trade follows a well-trodden path. The use of front companies and trade-based money-laundering as a means of moving and realising the proceeds of the trade is in no way unique.

The limitations of adopting a conservationist approach in isolation in the face of this threat is increasingly being recognised. This is welcome. The need for a robust criminal justice response to operate in parallel is essential to rebalance the risk-reward equation in the minds of traffickers.

However, it is increasingly evident that we cannot seize and arrest our way out of the problem. Where one shipment is seized another will follow. And in an environment characterised by weak judicial systems, low sentences and endemic corruption the efficacy of a 'traditional' criminal justice approach is limited.

Follow the Money

It is in this very context that adopting a 'follow the money' approach comes into its own. The main driver of the trade – the profit motive – can become its achilles heel.

The inescapable financial footprint of the trade offers not only a pathway to identifying the networks and its enablers, but, ultimately, offers a route to removing the criminal capital needed to further the trade. Removing the proceeds of the trade removes the driver of the trade in the future.

The Fight Against Illegal Wildlife Trade: Transnational Organised Crime

Financial Crime at its heart

As the modus operandi of this crime does not diverge materially from other proceeds-generating crimes – finance is at its heart – neither should the approach taken to tackling it.

The approach increasingly being accepted as business as usual in the financial crime space is one of collaboration. This approach recognises that no one party holds the definitive picture.

The power of overlaying the information held by the public, private and third sectors to create a holistic understanding of the problem is key to tackling this crime. Leveraging existing collaborative financial crime information-sharing fora and creating new ones is the key to unlocking the potential of the information held by the financial sector in particular.

Through adopting this collaborative approach, law enforcement at local and regional levels will be able to leverage the global footprint of financial institutions and to use their expertise and skills in investigating complex multi-jurisdictional money-laundering to help put a stop to this pernicious trade.

“In the world of the illegal wildlife trade today, the criminals are winning - with their transnational networks, weapons and blood money. We can reverse that if we come together. As a famous general once said, it takes a network to defeat a network. I believe that working together - governments, NGOs, financial institutions and wildlife protectors – we can protect critically endangered species. It is a challenging mission but one where financial institutions such as Standard Chartered can contribute significantly by identifying and reporting suspicious activity.”

David Fein | Group General Counsel, Standard Chartered Bank

The Beginning of the Journey

At Standard Chartered we are committed to working in partnership to tackle the full range of financial crime threats we face, including wildlife trafficking. Our unique global footprint means we are well placed to offer a unique perspective on this particular issue.

To this end, we are supporting efforts by the Royal Foundation’s United for Wildlife campaign to forge new industry partnerships aimed at leveraging our collective potential.

Furthermore, we recognise that one of the first steps to tackling the trade is through awareness-raising.

Our Correspondent Banking Academy offers a unique platform through which to reach a range of partner financial institutions in key source and destination countries for the trade. We have begun a series of awareness-raising measures via this platform and will continue to role out content via this programme as our understanding develops.

In collaboration with the Royal United Services Institute we have helped to deliver training to financial institutions in Uganda, Kenya and Tanzania alerting them to some of the potential ‘red flags’ for the trade, such as cash-flows between IWT hotspots and links to falsified trade finance documents.

The Road Ahead

However, we cannot tackle this crime alone. Tackling this particular crime requires a multipronged approach that includes transnational cooperation among governments, strengthened law enforcement, NGOs and a broad coalition of multi-national and regional/local financial institutions.

Operating along a public-private partnerships model with continuous engagement and feedback from law enforcement is imperative to ensure that the industry is able to play its part in disrupting these criminal networks.

But this approach can only work if more is done to ensure that our partners in law enforcement in key hotspots for the trade are trained and equipped in financial investigation skills necessary to extract the best value from the available information.

We stand ready to play our part. We ask others to work in partnership to do theirs.

“We have already shown that law enforcement, government and the financial sector can become more than the sum of their parts when working in collaboration through the public-private partnerships we are engaged in across the globe. We have increased our collective knowledge on a range of financial crime treats, such as human trafficking through these partnerships and thereby increased our ability to counter them. We have an opportunity to work collectively to apply this model to the fight against the illegal wildlife trade”

Nick Lewis | Global Head of FCC Integrated Intelligence and Investigations, Standard Chartered Bank