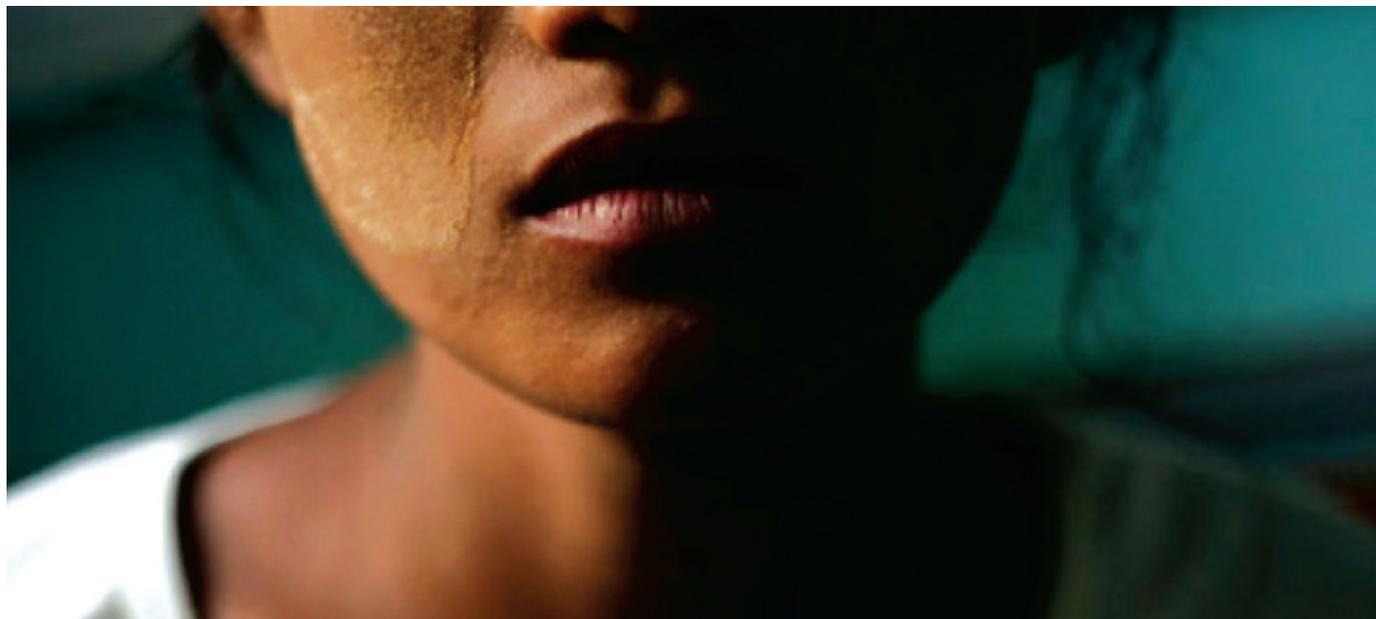


BANKS ALLIANCE AGAINST TRAFFICKING



THOMSON REUTERS
FOUNDATION

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The trafficking and exploitation of men, women and children is a vast, complex, and **highly profitable global business**. According to estimates by anti-slavery NGO Walk Free Foundation and the International Labour Organization (ILO), **40.3 million** people are trapped in modern slavery worldwide. This illegal business is worth around \$150 billion a year (ILO, 2014). Victims of modern slavery are exploited in illegal operations, but also in commercial settings that appear legitimate: on farms and in factories, in restaurants and hotels, in car washes and nail bars.

Financial institutions have a key role to play in the fight against this global crime. Where traffickers exploit the formal banking system to spend, transfer and launder illegal profits, banks and money service businesses have access to financial data that can be used to **identify** cases of exploitation and provide the evidence needed to **disrupt** it and **prosecute** those responsible.

The Banks Alliance initiative

The model

Recognising the powerful contribution, the financial sector can make to the anti-trafficking movement, the Thomson Reuters Foundation created the **Banks Alliance against Trafficking – a series of regional multi-stakeholder working groups** that support financial institutions to fight human trafficking using their data.

The model brings together experts from:

- **Financial institutions** with access to financial data relating to traffickers and their victims and very significant investigation and analysis capabilities.
- **NGOs** that, through their work with survivors of slavery, have intelligence about how traffickers operate and move money.
- **Law enforcement agencies** with the capacity and resources to prosecute.
- The **Thomson Reuters Foundation** as convenor and coordinator. Through our communications and Editorial teams and our Trust Conference we also play an important role communicating the value and impact of the Alliance.

The core aim of each regional Banks Alliance working group is to map the financial footprint of human trafficking in the formal banking system and to develop **red flag indicators of suspicious activity**, tailored to the region, that help financial institutions to:

- Refine their **automatic transaction monitoring**.
- Enhance their internal **investigation models**.
- Strengthen **Know Your Client / Customer Due Diligence** processes to identify high risk clients.
- Develop **training programmes** for in-house investigators and front of house staff.

More broadly, the work of the Banks Alliance groups:

- **Raises the profile** of the vital role that financial institutions play in the fight against human trafficking.
- Opens up constructive dialogue and **builds working relationships** between financial institutions and law enforcement agencies.
- Helps financial institutions coming to the issue for the first time to **start internal conversations** about what they can and should be doing.

The US Alliance

In 2013, Monique Villa, CEO of the Thomson Reuters Foundation and the New York County District Attorney, Cyrus Vance, established the first Banks Alliance in the United States¹. **The US Banks Alliance** produced **a White Paper – a set of red flag indicators** of customer behaviour, potentially linked to human trafficking, that the Alliance members committed to use to interrogate their data and report suspicious activity. The paper, which was published to a restricted circle of key stakeholders in 2014, provided the basis for **FinCEN's 2014 Advisory Note** on Human Smuggling and Human Trafficking and led to an increase in suspicious activity reporting in the United States expressly citing human trafficking².

In September 2017, responding to demand from our financial institution partners, the Thomson Reuters Foundation reconvened the Banks Alliance – old members and new – to update the original White Paper for 2018 and beyond. Together this new United States Banks Alliance has produced an impressive Toolkit of resources that will support more financial institutions in the region to take action against human trafficking. The Toolkit provides:

- **a set of potential indicators of human trafficking** tailored specifically to different types of financial institutions operating in the United States.
- **an extensive collection of case studies** of human trafficking-related investigations.
- **additional resources** designed to help financial institutions detect suspicious patterns in financial transactions, customer data and behaviour that may be linked to human trafficking and to report them to law enforcement (consistent with all applicable data privacy laws).

The European Alliance

Building on this success, the Thomson Reuters Foundation, in partnership with Europol, established the **European Banks Alliance**³ which in May 2017 launched an innovative Toolkit for tackling human trafficking. Like the US White Paper, the Toolkit contains a set of red flags, tailored to Europe, which

¹ American Express, Bank of America, Barclays, Citigroup, JP Morgan Chase, TD Bank, Wells Fargo, Western Union, representatives from the District Attorney's office, FBI and US Immigration and Customs Enforcement (ICE)

² Disrupting Human Trafficking – The Role of Financial Institutions, Tom Keatinge and Anne Marie Barry (RUSI), March 2017

³ Barclays, HSBC, Western Union, Standard Chartered, Deutsche Bank, Santander, UBS, ABN Amro, Commerzbank, Allied Irish Bank, Nordea, Stop The Traffik, Europol, the UK Anti-Slavery Commissioner, the UK National Crime Agency and Herbert Smith Freehills LLP.

Alliance members will use to identify and report suspicious cases. The Toolkit also builds on the US work in a number of key respects, by:

- **Organising the indicators** into three categories (Transactional, Know Your Client and Behavioural / In-branch), designed to address different audiences within a financial institution.
- **Ranking each indicator** according to its strength as an indicator of human trafficking.
- **Sharing learning on how financial institutions can make the indicators operational**, including:
 - (i) Guidance on **aggravating factors** - data on industries and countries that are at a high risk of being implicated in human trafficking. An individual, account or activity that is associated with these high risk countries or industries increases the strength of an indicator or set of indicators.
 - (ii) **Real life case studies** - examples of cases in which the Alliance members have used combinations of these indicators and aggregate strength scores across the same account or customer to identify and report suspicious activity.

Since publication, the Thomson Reuters Foundation has presented the European Toolkit to:

- To the **UK Home Office** as part of the UK's joint leadership (together with Canada) of an update to the 2011 inter-governmental Financial Action Taskforce (FATF) Report on Money Laundering Risks Arising from Trafficking in Human Beings.
- (Via Europol) To all **European Member State Financial Intelligence Units (FIUs)**, Asset Recovery Officers, Money Laundering Units and Trafficking in Human Beings Units.
- (Via the Wolfsberg Group) To Financial Intelligence Units worldwide at a plenary meeting of the international FIU network, the **Egmont Group**.

Launching the Asia Pacific Alliance

Building on the success of the US Banks Alliance and European Banks Alliance, the **Asia Pacific Banks Alliance** was launched in 2017 in partnership with **The Mekong Club** – an NGO with established relationships with financial institutions in the region through its Financial Services Working Group.

Working in collaboration with the Mekong Club, the Thomson Reuters Foundation launched an additional regional Toolkit in January 2019 which was tailored for use in the Asia Pacific region. We will be rolling out the Asia Pacific Toolkit towards the end of 2019 through a series of roundtables, inviting financial institutions, NGOs and law enforcement to discuss how the Toolkit can be used most effectively in the fight against modern slavery and human trafficking. If you would like to know more about these roundtables and how you can be involved, please contact us: [**banksalliance@trust.org**](mailto:banksalliance@trust.org)

The Asia Pacific Toolkit builds on the work of the previous two regional Toolkits by providing:

- (Via Europol) To all **European Member State Financial Intelligence Units (FIUs)**, Asset Recovery Officers, Money Laundering Units and Trafficking in Human Beings Units.
- A set of 'red flags' which provide examples of potential indicators of modern slavery - linked to suspicious patterns in financial transactions, customer data and behaviour.
- Uses **real-life regional case studies** and country-specific analysis to widen the financial service sectors' understanding of this multi-faceted crime specifically in the APAC region.
- Indicators have been developed for those business types that see the highest prevalence of modern slavery in the region.
- Includes information and resources related to specific industry and country risks, that may relate to investment decisions and commercial finance.

All three regional Toolkits have been formally **endorsed** by the **Wolfsberg Group**, the association of leading global banks that develops frameworks and guidance for the management of financial crime risks. The Wolfsberg Group recognise the benefits of utilising the three regional Toolkits and has urged its members and other financial institutions to put the indicators into practice, noting the importance of collaboration and information sharing and partnership to tackle this crime.