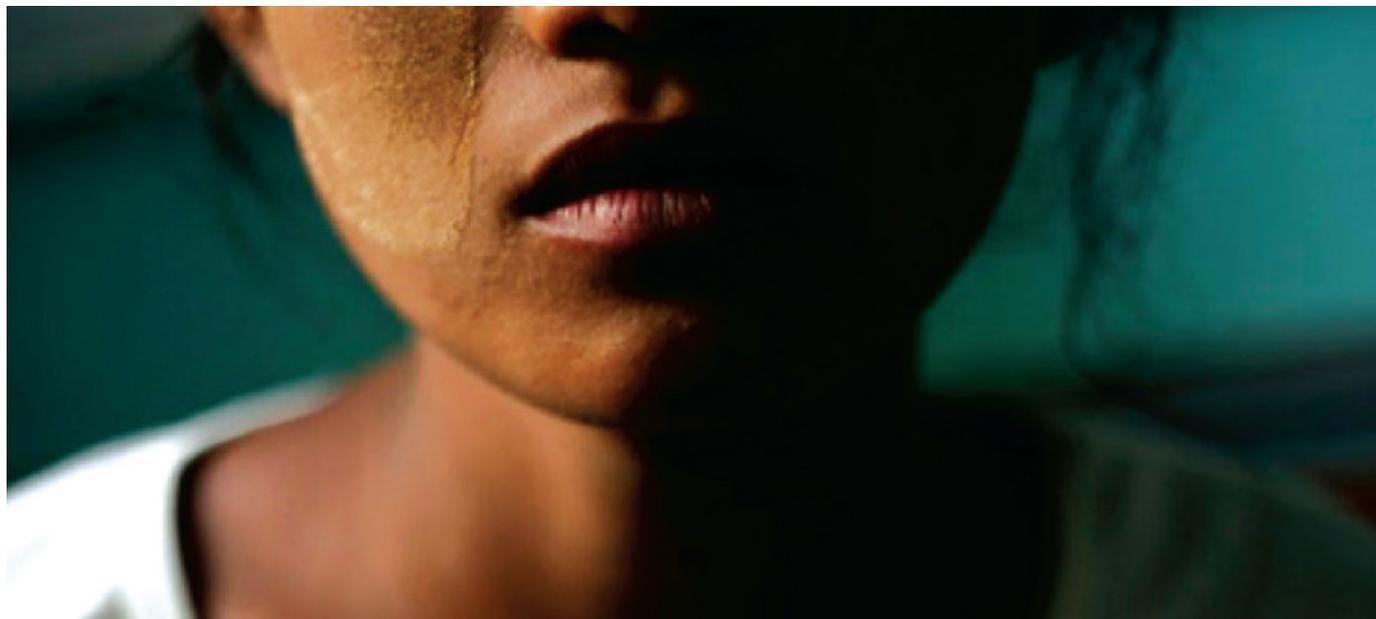


BANKS ALLIANCE AGAINST TRAFFICKING



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**. More than **45.8 million** people are trapped in modern slavery worldwide (Global Slavery Index, 2016) and their exploitation generates \$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

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 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.

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.

(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 Toolkit to:

- The **Wolfsberg Group**: the association of leading global banks that develops frameworks and guidance for the management of financial crime risks. The **Wolfsberg Group** has formally endorsed the Toolkit and urged its members and other financial institutions to put the indicators into practice: www.wolfsberg-principles.com.
- To the **UK Home Office** as part of the UK's joint leadership (together with Canada) of a 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**.

The future of the Alliance: 2017 / 2018

North America Alliance

Beginning in September 2017 the Thomson Reuters Foundation will reconvene the members of the original **US Banks Alliance** and invite new members to join them - from the US, Canada and Mexico - to create a new **North America Banks Alliance** that will update the 2014 White Paper for 2017 and beyond. An initial meeting will take place on **20 September 2017** at the offices of Thomson Reuters in New York.

European Alliance

The members of the **European Alliance** will reconvene in London in **Q2 2018** – one year on from the publication of the Toolkit – to share information on how they have tested and operationalised the red flag indicators and lessons learned.

Launching the Asia Pacific Alliance

Responding to high demand from a number of the multi-national Alliance banks, in 2017 we will launch an **Asia Pacific Banks Alliance** in partnership with **The Mekong Club** – an NGO with established relationships with financial institutions in the region through its Financial Services Working Group. An initial breakfast meeting and roundtable of prospective Asia Pacific Alliance members will take place on **30 August** at the offices of Thomson Reuters in Hong Kong.

Please contact **banksalliance@trust.org** if your organisation would like to participate in any of the regional Alliances and for all further information.