

Modern Slavery Typologies for Financial Services Providers



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The Purpose of the 2024 Project

Modern slavery remains a highly lucrative crime for those involved, with profits from related activities estimated at US\$150 billion annually by the International Labour Organization (ILO). Regrettably, legitimate financial institutions continue to be utilised for laundering funds derived from modern slavery. Therefore, it is imperative that individuals working in financial institutions at all levels possess the ability to identify instances of money laundering. A report from the United Nations Office on Drugs and Crime (UNODC) in January 2024 highlights heightened threats posed by traditional organised crimes, including human trafficking, in East and Southeast Asia.

In 2017, The Mekong Club developed a tool aimed at aiding financial service providers in understanding the prevailing trends and typologies associated with modern slavery. The objective was to enhance their capacity to assess and mitigate risks within their client portfolios, as well as to identify red flags for improved monitoring and reporting of suspicious activities. Subsequently, in 2019, the Asia-Pacific Banks Alliance collaborated with The Mekong Club and the Thomson Reuters Foundation to publish a white paper aimed at further bolstering financial institutions' ability to detect and mitigate the risks of modern slavery. Drawing upon the efforts of other regional Banks Alliances, the modern slavery indicators outlined in this white paper were tailored to the Asia-Pacific region, incorporating real-life case studies, country-specific analyses, and industry-specific indicators.

The project initiated in 2024 seeks to provide an updated perspective on previously developed typologies while also addressing new and emerging ones. In summary, the objectives are as follows:

1. Update the current industries by integrating the approaches from both 2017 and 2019 typologies. This will necessitate revisions to all sections of the tool, including “How to Use the Tool” and “Flow of People/Money,” with a heightened emphasis on Know Your Customer (KYC) and Customer Due Diligence (CDD) elements.
2. Incorporate industries such as Scam Labour Camps, Money Mule Operations, and Child Sexual Exploitation, and prepare all pertinent elements of the tool, including industry overviews, case studies, flow diagrams, red flag indicators, and guidance questions for banks.
3. Introduce generic sections addressing Digital Assets/Currencies and Digital Wallets to underscore how traffickers utilise anonymous and modern payment channels. Additionally, explore the impact of COVID-19, wars, and natural disasters on modern slavery.
4. Assess current regulations, global policies, and progress toward achieving established goals, such as the United Nations Office on Drugs and Crime's 17 Sustainable Development Goals established in 2015, which aim to eradicate forced labour, end modern slavery and human trafficking by 2030, and eliminate all forms of child labour by 2025.

Summary of Recommendations

This project represents another crucial stride in equipping financial institutions to address modern slavery.

Financial institutions have at their disposal a variety of methods to address modern slavery. These include training front-line staff to recognise signs of trafficking during face-to-face encounters, identifying suspicious activity when individuals visit branches, and recognising physical indicators of abuse that may suggest a person has been trafficked and is under duress. Additionally, financial institutions can analyse industries, business types, and locations that pose high risks in terms of modern slavery activity. By understanding the typical profile of high-risk businesses and institutions, financial service providers can adjust their risk appetite to avoid funding or supporting illicit activities. Moreover, certain transactional activities conducted by individuals or businesses may signal illegal behaviour.

Financial institutions possess a wealth of transactional data, but it's crucial for those analysing this data to understand patterns that could indicate modern slavery activity. Modern systems utilising AI and advanced data and network analysis can detect suspicious transactions and even criminal networks. Reporting these activities to authorities is pivotal in disrupting criminal operations involved in human trafficking and curtailing their profits.

The following recommendations pertain to the implementation of the typologies, indicators, and red flags outlined in this paper, as well as broader best practices for financial institutions to elevate industry standards. We urge the financial industry to review these five recommendations and the updated tool, incorporating typologies, red flags, and indicators into their day-to-day operations.

1. Addressing Modern Slavery in Daily Operations

The following are essential steps for financial institutions to combat modern slavery:

- Incorporate modern slavery risk into country, industry, and client risk rating methodologies.
- Establish a dedicated risk function within the institution focused on social concerns, including modern slavery.
- Consider the risk of modern slavery when making investment decisions and recommendations within industries.
- Incorporate modern slavery typologies, red flags, and indicators into financial crime investigations and monitoring systems.
- Include modern slavery indicators during customer onboarding and KYC reviews.
- Designate a subject matter expert(s) within the institution to coordinate all internal activities related to modern slavery and engage with external stakeholders.
- Recognise and incentivise proactive anti-slavery efforts by staff and departments.

2. Training

To ensure comprehensive awareness and preparedness across the institution, the following training initiatives are recommended:

- Deliver general awareness training to all staff, covering key definitions and illustrative case studies, implications of modern slavery risk on daily roles, and steps to address modern slavery risk.
- Reporting procedures for unusual or suspicious activity, and information sources for further education.
- Escalation procedures for uncertain cases.
- Provide specialised training to teams requiring deeper understanding, including senior leadership, front-line staff, relationship managers, and financial crime investigation and monitoring teams. This training should focus on operationalising the indicators outlined in this paper.
- Integrate the modern slavery topic into annual anti-money laundering and sanction mandatory e-learning programs and new staff onboarding processes.
- Organise frequent refresher sessions to reinforce knowledge of modern slavery among staff.
- Arrange presentations by external speakers, specialists in modern slavery, to share updates and industry insights with staff.

3. Suspicious Transactions Report (STR)

Processes for reporting suspicious activity vary between institutions and countries, as does the type and extent of information provided by financial institutions, contingent upon their operations and available information.

- **Clear Categorisation:** Use clear categorisation to signal reports related to potential modern slavery activity, utilising terms like 'forced labour', 'forced commercial sex work', and 'child labour' within the broader category of 'modern slavery'.
- **Segregation in STR Reporting:** Segregate 'human trafficking' and 'migrant smuggling' in STR forms and guidelines, stressing the distinction between the two crimes. Staff education on modern slavery industries is essential for accurate reporting.
- **Staff Training:** Ensure all staff understand the internal reporting processes, including links to potential STRs. Provide training on completing necessary documentation, understanding reporting channels, and providing comprehensive information to law enforcement.
- **Specialist Training:** Provide specialised training to personnel handling STRs on trafficking, modern slavery, migrant smuggling, etc., enabling them to comprehend and differentiate between reported issues and initiate appropriate legal responses.

4. Dialogue with Regulators

Financial institutions cannot address the eradication of modern slavery alone.

Enhanced collaboration is imperative, including:

- **Engagement in Global Initiatives:** Actively participate and invest in initiatives aimed at raising industry standards globally. This includes data sharing, development of new technologies, and advocacy for responsible business practices regarding modern slavery.
- **Regulator Updates:** Regularly update regulators on observed trends and lessons learned to facilitate the enhancement of regulations and monitoring frameworks, ensuring alignment with actual cases.
- **Dialogue with Legislative Powers:** Engage in dialogue with legislative bodies to advocate for equipping those handling STRs with the necessary knowledge and authority to identify and prosecute modern slavery-related crimes to international standards.
- **Legislation Reform:** Advocate for legislative changes that facilitate more effective prosecutions of criminals involved in modern slavery. Additionally, push for inclusion of victim protection measures to ensure identification and proper care for trafficking victims.

5. Information Sharing and Volunteering

To ensure effective anti-modern slavery efforts, collaboration across the financial services sector is crucial.

We recommend the following from our audience:

- **Active Engagement in Awareness Initiatives:** Participate in initiatives aimed at raising industry awareness globally by organising information-sharing sessions with like-minded professionals.
- **Enhanced Advocacy and Promotion of Best Practices:** Advocate for and promote best practices by sharing success stories of addressing modern slavery, as well as lessons learned from internal reviews, audits, and regulatory inspections. It's important to share both successes and challenges to facilitate collective learning.
- **Encourage Volunteering and Participation:** Encourage senior management and employees to volunteer and participate in various NGO, governmental, and social activist initiatives aimed at addressing modern slavery. Active involvement in these initiatives demonstrates a commitment to social responsibility and helps drive positive change.

Why Use Typologies?

Investigators use typologies to map criminal activities, facilitating the identification of parties involved in a crime, including perpetrators, victims, and enablers, and mapping their connections. Financial service professionals benefit from using typologies as visual representations of modern slavery for several reasons:

- The trafficking of one victim may involve multiple perpetrators, as victims are often passed from one trafficker to another as they make their journey from their origin to destination locations. For example, in many cases, the victim is recruited by an individual in their source country before being sold to a trafficker in their destination. In some cases, e.g. in scam labour camp scenarios, there also can be multiple victims involved. In visualising this, it is possible to better identify the parties involved.
- Typologies allow for the identification of seemingly innocent behaviours that in isolation do not suggest criminal activity, but within the wider context of a typology mapping may act as red flags to modern slavery.
- Typology graphs can act as an easy reference point in training sessions, breaking a very complex subject down into visual parts to assist learning and understanding.
- Financial crime identification often depends on the ability of a relationship manager, the case investigator, or front-line worker to identify unusual or suspicious activity. The use of typologies gives them an easy reference point when considering the financial crime risk within their portfolios of clients.
- Account activity reviews are used by banking professionals to identify financial crime activity. Typologies allow for more targeted account activity reviews, as the reviewer can see the red flags in transaction activity that may indicate modern slavery.



Why Use Indicator Categories?

Modern slavery persists as a hidden crime, prevalent worldwide despite being outlawed in every country. With over 50 million people trapped in modern slavery globally and increasing vulnerability due to factors like conflict, terrorist violence, and climate change, the issue remains urgent. Human trafficking, a highly lucrative global enterprise, generates illicit profits of at least \$236 billion annually. Victims are exploited not only in illegal operations but also in seemingly legitimate commercial settings such as farms, factories, restaurants, hotels, car washes, and nail bars.

Financial institutions play a pivotal role in addressing this global crime. Traffickers often exploit the formal banking system to spend, transfer, and launder illegal profits. Therefore, banks and financial service businesses have access to financial data that is crucial for identifying instances of exploitation, and providing evidence for disruption and prosecution.

Financial service professionals can identify potential modern slavery activity through various means, including behavioural information, demographic data, and transactional activity. The applicability of these indicators depends on individuals' or departments' access to relevant information within each institution. For example, certain indicators may be observable to branch staff but not accessible to compliance departments, while others may require access to clients' transaction profiles for identification. Additionally, some indicators necessitate human judgement, whereas others can be integrated into the transaction monitoring systems of financial institutions.



Category 1: Behavioural Indicators

These indicators may be witnessed by front-line staff such as those working in branches, or relationship managers who visit their clients. These are the physical and visual manifestations of modern slavery that may be identified directly by those staff interacting with customers. It is recommended that these indicators be incorporated into training given to all front-line staff, and any individuals in the institution who may find themselves in direct contact with customers.



Category 2: Demographic Indicators

These indicators relate to information that is collected about who the customer is (or claims to be) and the nature of their income and/or business activities. This also includes information on the parties connected to the customers. Financial institutions hold vast amounts of data regarding customers' identification, addresses and businesses, and can screen customers against known past criminal activity. In applying demographic indicators, financial institutions can use this data to identify possible risk groups.



Category 3: Transactional Indicators

These indicators help to identify suspicious transactions and transaction patterns, using the millions of transaction records generated each day. These indicators may be operationalised in varying ways depending on the nature of the financial institution, the resources available and the nature of the indicator. Some may be built into institutions' systems, to generate automatic flags or alerts for further investigation. Others may be better identified through human judgement, to consider whether a transaction profile is in line with the expected activity of the customer.

How to Use the Tools

We have broken 'modern slavery' down into common industries in which it can be found. It's important to note that this tool is continuously evolving, with ongoing development of new typology graphics. Each typology has the following elements:

1. Industry Overview

Summarise a particular industry's exposure to human trafficking. It includes industry trends and a description of the modern slavery activity generally found in the industry.

2. Case Study

Explore a typical case study of modern slavery within the industry. While each case is unique, this study amalgamates common themes identified from various cases to provide insights.

3. Flow of People

Examine visual typologies illustrating the journey of victims through stages such as recruitment, transportation, harbouring, and coercion.

4. Flow of Money

Review typical transactions associated with the trafficked victim's journey. Although individual transactions may seem innocuous, understanding the overall transaction patterns in context aids in identifying potential trafficking involvement.

5. Modern Slavery Red Flags

Identify points at which modern slavery activity may be detected based on the indicators provided.

6. Questions & Actions for Banks

Consider the questions provided for financial service professionals to ask when assessing modern slavery risks in this industry. These questions may relate to customer knowledge, activity, parties involved, portfolio composition, and industry-specific risks.

7. Indicator Categories

Explore behavioural, demographic, and transactional categories for each case to help identify modern slavery activity effectively.

This tool can be used in a variety of ways:



1. Training

As a training resource for staff, they can build workshops around the cases and discuss how best to identify and mitigate the risk of modern slavery in their client portfolios.

2. Raising Awareness

As a way of increasing awareness of modern slavery by circulating it within the relevant industries. Many hold the misconception that modern slavery only relates to sex trafficking, but there are many types of trafficking affecting a wide array of industries across the globe.

3. Reference

As a reference point when considering the risk posed by clients at onboarding and account review, to ensure the right questions are being asked for certain industries when carrying out due diligence.

4. An Aid

As an aid to identifying unusual or illicit activity within the flow of money when carrying out account activity reviews.

5. Monitoring & Alert System

To incorporate into automated monitoring and alerting systems to generate meaningful alerts for further investigation and reporting to police, if necessary.

6. Indicator Categories

Indicator categories to identify suspicious activity are added to each industry for additional red flag identification.

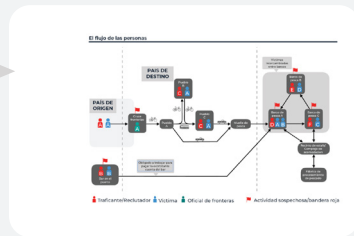
Summary of this particular industry's exposure to human trafficking

INDUSTRY OVERVIEW

THE CASE

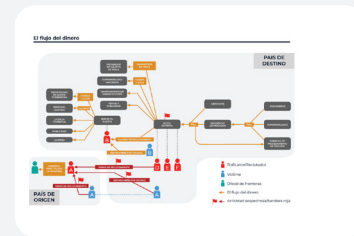
Narrative of a typical case study of human trafficking for this industry

FLOW OF PEOPLE



Shows the journey of victim, and their interaction with different individuals at different stages

FLOW OF MONEY



Shows a range of typical transactions that one may see as part of the trafficked victim's journey

The Red Flags - People & Places

- _____

The Red Flags - Flow of Money

- _____

Identifies the points at which one may be able to identify human trafficking activity

Questions & Actions for Banks

- _____

Questions & Actions for Banks

- _____

Questions that financial service professionals can ask when considering human trafficking in this industry



Modern Slavery: Definition & Techniques

1. Terms & Definitions

In this document, the term 'modern slavery' encompasses a broad range of definitions, including human trafficking and forced labour. This terminology aligns with leading legislation in the field, such as the UK Modern Slavery Act.

Over the past decade, modern slavery has been combined with the traditional concept of forced labour to encompass a wider range of potential scenarios. While 'human trafficking' includes forced labour as an outcome, it emphasises the movement of a person into an exploitative situation. The trafficking definition focuses on various acts, such as recruitment, transportation, and harbouring, highlighting events preceding exploitation.

Since 1926, the definition of traditional slavery has remained relatively unchanged, emphasising the exercise of ownership powers over an individual. Additionally, refined definitions, such as 'contract slavery' and 'bonded labour', highlight variations of forced labour. 'Contract slavery' involves false employment contracts, while 'bonded labour' entails individuals becoming the property of others to work off a debt, often enforced through threats or physical violence.

Since 2014, 'modern slavery' has served as an umbrella term, encompassing various definitions within one category. The term 'modern' denotes a crime whose implications have not changed but have adapted to modern times in certain ways.



2. Recruitment Process

The core elements of modern slavery are found in the recruitment process and the techniques used to hold victims in place. The elements are deception, direct sale by family, abduction, debt, physical and emotional abuse, threats, withholding of wages, limitation of movement and use of unfavourable or illegal contracts.

The most common method used to recruit modern slavery victims is deception. Recruiters gain the trust of victims or their family members, then offer false promises of good employment. They often offer young, vulnerable people facing hardship the chance to improve their lives and the lives of their families. In some cases they are encouraged or even sold by their own family members. While these opportunities might sound risky or too good to be true, they can be too tempting. In many cases, the victims have no idea of the terrible price they will pay until it's too late.

While some victims are abducted, this tactic is less common. Transporting an unwilling person can be risky if the victim acts out or tries to run. It is much easier to transport someone who is being deceived because they go willingly. Once a person is in a modern slavery worksite, perpetrators use one or more methods to keep him there.

3. Techniques to Keep Victims in Place

Creating **debt** is a key tactic. Traffickers charge excessive recruitment fees that require victims to borrow money, or provide cash advances to the victim or the family, which must be worked off. The victim is held until the debt is completely paid. Often the lender uses false accounting, invents additional debt, or charges excessive interest so the victim never knows when the debt will be considered paid.

Physical and emotional abuse is another effective way to hold victims. This ranges from shouting at or insulting them, to beatings, torture and rape. In extreme cases, a victim who rebels might be murdered to send a strong message to the others.

Sometimes, simply making **threats** of violence against victims or their family members is enough. Victims might be told that if they don't do the required work, their mother or father back home will be beaten.

Another method is to **withhold pay**. Many victims remain in their exploitative situation for months or even years waiting for money that is promised to them to avoid returning home empty-handed. Often, this payment never comes.

In some cases, oppressive or illegitimate **contracts are used** to justify forced labour. Often, these fraudulent agreements are signed by victims who can't read or presented in a foreign language they don't understand. Victims are told that if they leave, penalties of fines will follow.

Finally, the last approach is to physically **prevent the victim from leaving**. This can be in the form of physical confinement or confiscation of travel and identification documents. An example of this can be found on fishing boats where the victim is confined to the boat for years at a time.

Industry Updates From 2017 Paper: Forced Prostitution

Industry Overview

Sex trafficking is a prevalent form of modern slavery with a global reach. Traffickers employ various tactics, including violence, threats, lies, debt bondage, and coercion, to force both adults and children into engaging in commercial sex acts against their will.

Under US federal law, any minor under 18 induced into commercial sex is considered a victim of sex trafficking, irrespective of whether force, fraud, or coercion was used.

The situations faced by sex trafficking victims are diverse. Some are manipulated or forced into prostitution by romantic partners, while others are deceived with false promises of legitimate jobs. Some victims are compelled into sex work by family members, and their trafficking experiences can range from days to years.

Traffickers often target vulnerable individuals, including runaway and homeless youths, survivors of domestic violence, sexual assault, war, or social discrimination.

Sex trafficking occurs in various venues, including fake massage businesses, online platforms, residential brothels, streets, truck stops, and hotels. Identifying and combating sex trafficking requires a comprehensive understanding of its diverse manifestations and the vulnerabilities exploited by traffickers.



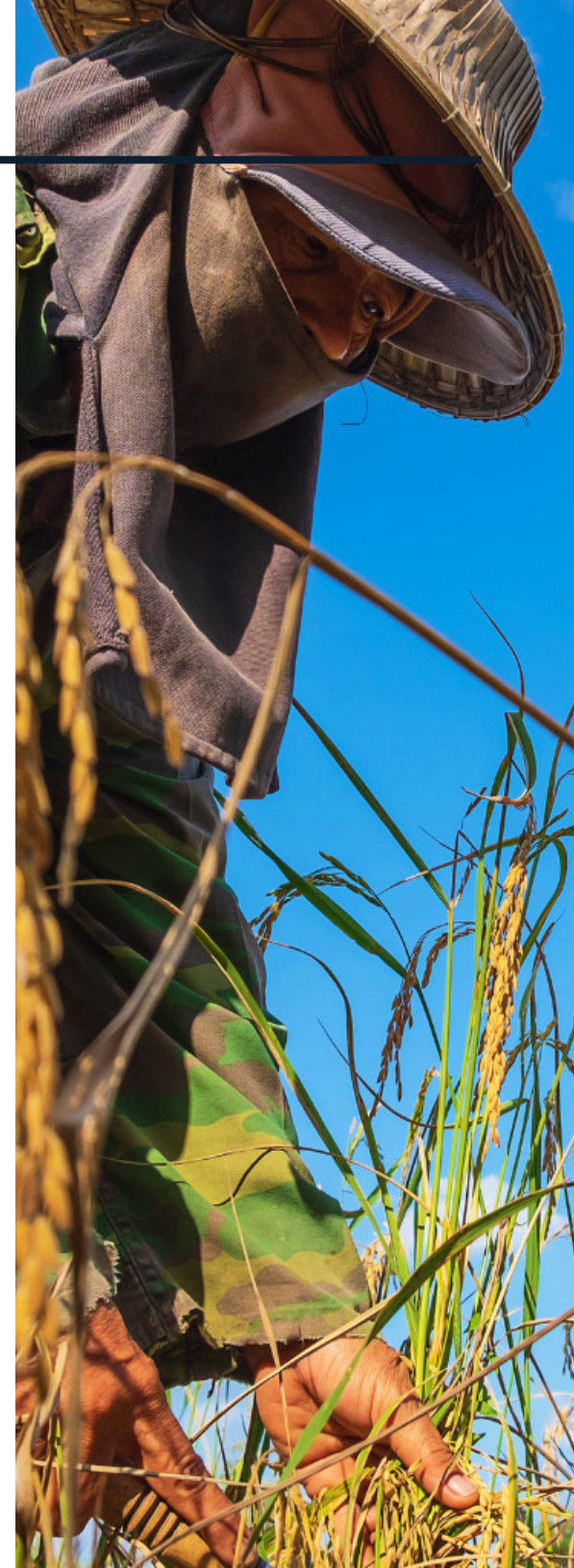
Case Study

Trafficker A knows Victim A and is a friend of her family. Victim A has been struggling to make ends meet, she has a family to support and her current job is not generating enough income to do so. When Trafficker A approaches Victim A with an offer of a job abroad, working as a waitress in a restaurant in the capital city of a nearby country, she is delighted at the prospect of making money to send back to their family. Victim A sends money to Trafficker A as a recruitment fee, securing the new job in the city.

Victim A travels willingly to the new city to start the new job. She is travelling illegally across the border but Trafficker A has paid for the costs involved in the transportation, such as tickets and false immigration documents. Victim A is closely accompanied by Trafficker A throughout the journey, kept in close sight and told to keep her head down to avoid detection. Once Victim A reaches the new destination, she is met by Trafficker B. Trafficker A leaves to return home, with a commission payment made in exchange for Victim A. Victim A is taken by these unfamiliar people into the city, and her passport and identification documents are taken from her.

Victim A is driven to an apartment and taken inside where there seems to be numerous other people living. When she enquires about the living arrangement, she is told that the rent for the accommodation will be taken out of her monthly wages. She is then informed of how much she owes the traffickers for arranging her transportation across the border, which is far more than she can afford as she has already spent all of her savings on the recruitment fee paid to Trafficker A. She is told that she must pay this back, and that her employers will hold onto her passport until she has done so. She is afraid because she has travelled to the country illegally and if she were to be found by the authorities she will likely be imprisoned.

Victim A is told that she must pay her debts off by working in the local bar in the red-light district of the city. This is not the waitressing job that she was expecting, but she agrees. Once she begins work she realises that she is expected to provide sexual services to the clients at the bar, and her employers threaten her with violence if she does not provide the services that the clients are expecting. She begins providing sexual services for the clients, giving the money that she receives to her employers to pay off her debts. Her employers tell her that she must not complain or run away, and that they have contact with Trafficker A in her home country, who can tell her family and friends about the kind of work she is really doing. She begins to use the drugs that her employers give her, often being forced to take them with paying clients, which further increases the hold of her traffickers on her and further increases her debts.



Flow of People

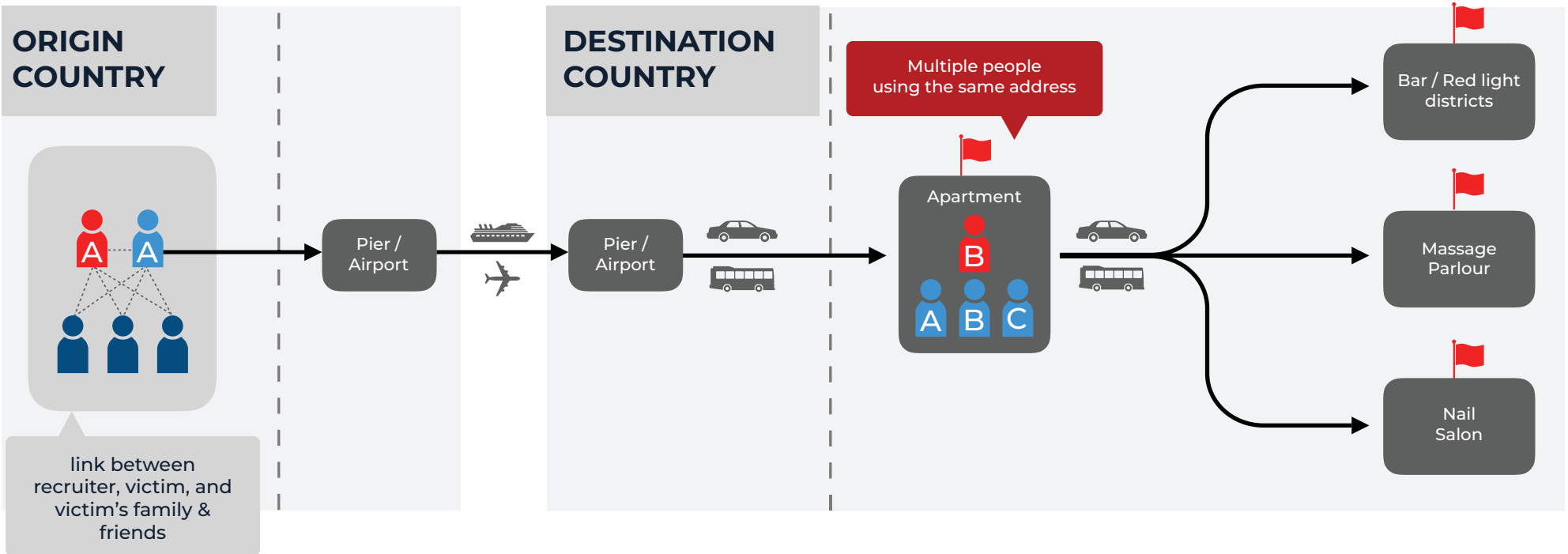
RECRUITMENT

TRANSPORTATION

HARBOURING & COERCION

ORIGIN COUNTRY

DESTINATION COUNTRY



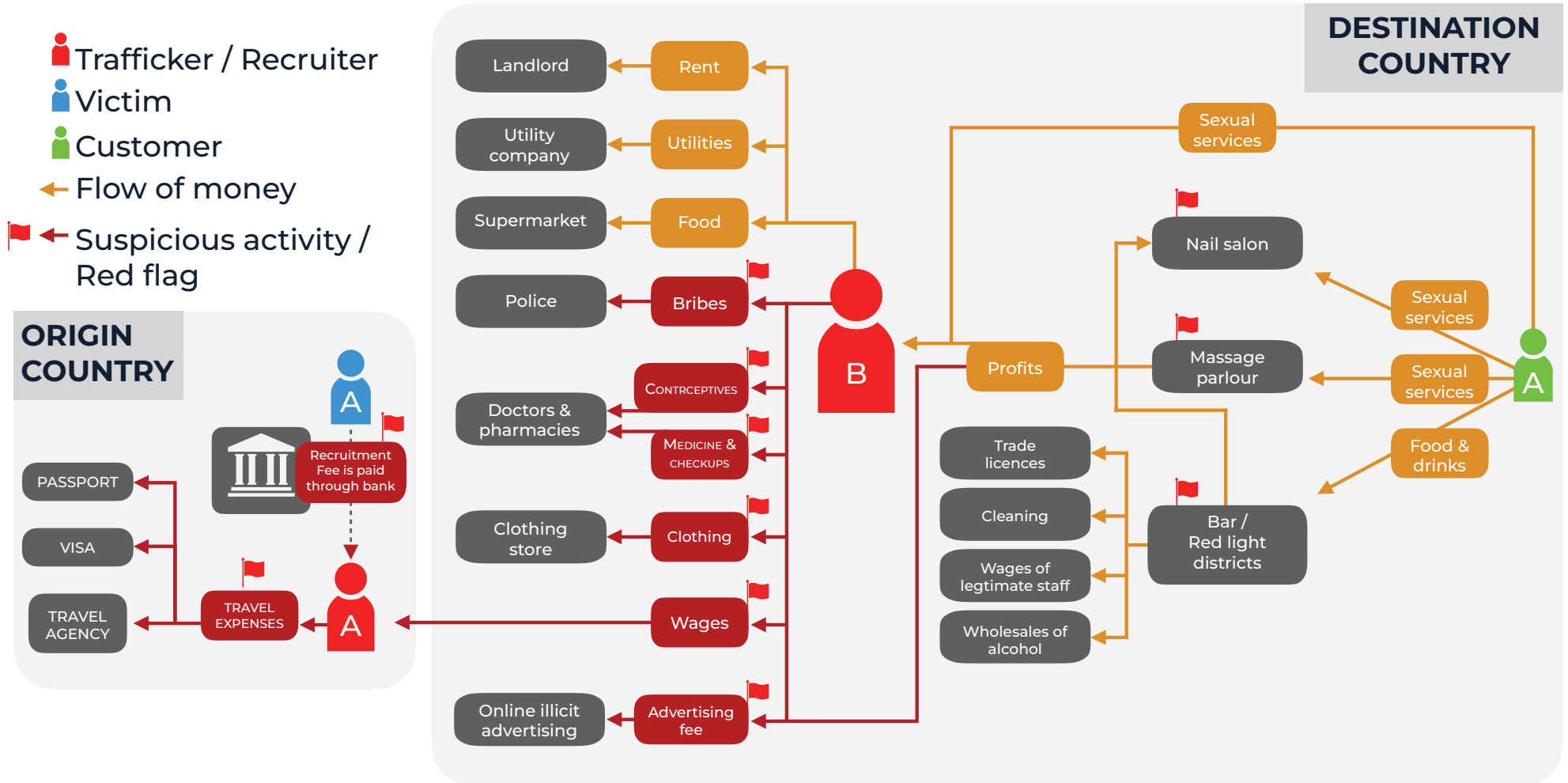
Trafficker / Recruiter

Victim

Victim's family / friends

Suspicious activity / Red flag

The flow of money



KYC Red Flags Indicators

1. People

- Many individuals reside at the same address, which may act as a harbouring location.
- Workers are mainly from overseas – particularly from disadvantaged communities.

Questions & Actions for Banks

- Do any customers have links to a red-light district? If so, is there any evidence that they could be selling sexual services?
- When customers come into a branch to handle banking matters, do they seem to be under duress?
- When a customer visits the branch, are they accompanied by another person who would seem to be holding control over them? Is there any physical sign of abuse?

2. Place

- The business operates in the red flag areas of the city, particularly big warehouses where camps can be located.
- Bars, massage parlours and nail salons that recruit individuals from overseas.

Questions & Actions for Banks

- Has a site visit been carried out? Does the bar/massage parlour/nail salon appear to be carrying out legitimate services as they claim?
- If a site visit is carried out, are there off-limits areas? Do staff members show signs of fear or stress?
- Are there multiple individuals living at the same address? If so, does this make sense? Could this be a potential harbouring location for victims of trafficking?

3. Transactions

- A recruiter purchases visas, passports, and transportation tickets for third parties.
- The victim pays recruitment fees for a promised job overseas. A recruiter is paid by a trafficker in the destination country for providing the victims.
- The trafficker in the destination country has outgoings of medical care, such as contraception and sexual health services, as well as expenses such as clothing and makeup that are higher than expected for an individual.
- The traffickers/bar/massage parlour/nail salon pays for online advertisement of sexual services. Transactions are made outside of the usual operating hours of the business.

Questions & Actions for Banks

- If a cross-border transaction is made, can the source and recipient of the funds be identified? Are there any suspicious patterns indicating links to red-light districts or illicit activities, including advertising of sexual services on illicit websites?
- Are there any patterns to suggest that the customer is buying contraception, sexual health products, clothes, and makeup in large quantities? If so, is there a legitimate reason?
- Sexual services are mostly paid for in cash as the activity is usually illegal. Do the cash deposits of the bar/massage parlour/nail salon make sense considering the usual revenue of the business?
- Is the bar/massage parlour/nail salon making transactions outside of usual working hours?

Indicators Categories



Behavioural

- B1:** Victim's ID removed from possession.
- B2:** Signs of physical abuse on customers who come into a branch.
- B3:** Customer reads their personal details from a script/form.
- B4:** Customer makes statements alluding to criminal activity.
- B7:** Business premises inaccessible.
- B8:** Physical signs of commercial sexual activity.



Demographic

- D1:** Negative news hits related to key modern slavery terms.
- D2:** Phone number/email address associated with a customer is also found on escort/sex/adult service advertisements.
- D3:** Trafficker controls multiple people's bank accounts.
- D6:** Many victims being housed at the same address.
- D8:** Use of addresses in known red-light districts or buildings where commercial sex work is known to occur.



Transactional

- T1:** Payments made to advertisers of illicit services.
- T4:** Payments made to/received from blacklisted recruitment agencies.
- T5:** Expenditure on multiple hotel rooms in different hotels on the same night.
- T6:** Frequent payments for travel-related expenses to/from high-risk countries.
- T8:** Cash deposits made outside usual industry business hours.
- T12:** Cash deposits made at multiple locations.
- T16:** High frequency of beauty-related payments that do not relate to the nature of business/expected account activity.

Industry Updates From 2017 Paper: Fishing Industry

Industry Overview

Employment in the fishing sector is highly dependent on the local context, the size of the vessel, and the type of fishing undertaken. Fishers employed on larger boats may have relatively formal employment agreements with the captain of the vessel or fleet ownership, but contracts are rare. Workers may be recruited through formal or informal labour recruiters to whom they owe a debt for their job placement. Often, workers recruited through brokers will have no advanced knowledge of their actual employer. On small boats, employment relationships are predominantly casual.

Further complicating the employment relationship, payment on both large and small fishing vessels is often based on the traditional 'share' system in which worker pay is based on an allotment of net proceeds from the catch after expenses for output (food, fuel, etc.) are deducted. Under this system, workers are considered 'partners' in the fishing venture rather than employees and are therefore denied legal protections available to other classes of workers. The 'share' system also means that crew members share financial risk with owners. If a voyage does not clear a profit, workers may not be compensated, leaving them vulnerable to debt.

In some cases, a worker's family may also take loans from the boat owners while the fisherman is at sea. These loans are deducted from the fisher's pay at high interest. Rates of abuse are high on fishing vessels. The captain or boss has a large financial stake in a profitable voyage, incentivising abusive management practices including actual or threatened physical abuse (hitting, violence with weapons, denial of rest), verbal abuse (yelling, threats), and other forms of intimidation. Workers aboard fishing vessels are isolated, particularly on larger vessels that can stay at sea for extended periods of time, leaving them with limited means of escape or venues to report abuse. Fishing operations take place across national and maritime boundaries, leaving workers under the legal jurisdiction of the country in which the vessel is flagged. In cases where the vessel is using a flag of convenience, workers have severely limited legal protection.



Case Study

Victim A is keen to find work in a neighbouring country and meets Trafficker A who promises to procure a good job in a factory and travel arrangements for a fee. Victim A agrees to travel with Trafficker A to the neighbouring country to start a new job. They cross the border illegally, where Trafficker A bribes the border officials to allow them into the country. Once they arrive in the destination country, they are taken to Village A, where Victim A is moved onto a larger bus before being driven to Village B. Here, they meet Trafficker B who makes payment for Victim A and also brings more workers onto the bus. They are driven to a fishing pier after making multiple stops at other villages and houses to collect more workers, who are a mixture of migrants like Victim A and local workers.

When they get to the pier, they are forced to board a fishing vessel. Anybody who complains or contests this is threatened with violence. The traffickers threaten to harm the victims, or members of their families back in their home country, they warn the victims that any escape attempt will result in arrest by the authorities if they are not caught by the traffickers first.

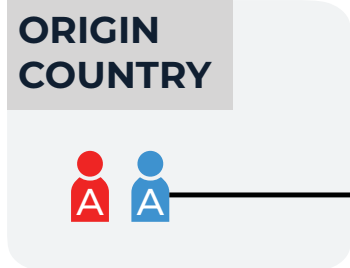
Once the fishing vessel is in open seas, they are forced to work 20 hours a day. Rest is infrequent and the work is heavily manual and arduous. Any attempt at rebellion or complaint is met with violent beatings. In some instances, the traffickers on board the boats have murdered members of the crew, disposing of their bodies overboard or on local islands. Members of the crew who get ill as a result of their maltreatment are further punished. If crews become depleted due to death or illness, smaller boats service the fishing vessels, picking up fresh victims from the pier and bringing them to work.

Moreover, bigger vessels approach the ship at regular intervals and collect the produce that has been caught. This way, each fishing vessel can stay out at sea for months without coming into port.

The victims on board may be joined by others who have been recruited from the local fishing village. Victim B, for example, was visiting a local bar in the village when he was drugged. He woke up to an impossibly large bar tab and was told that the only way he could repay this debt would be to work on a local fishing vessel. The owner of the bar collected a fee from the traffickers for the recruitment of this crew member.

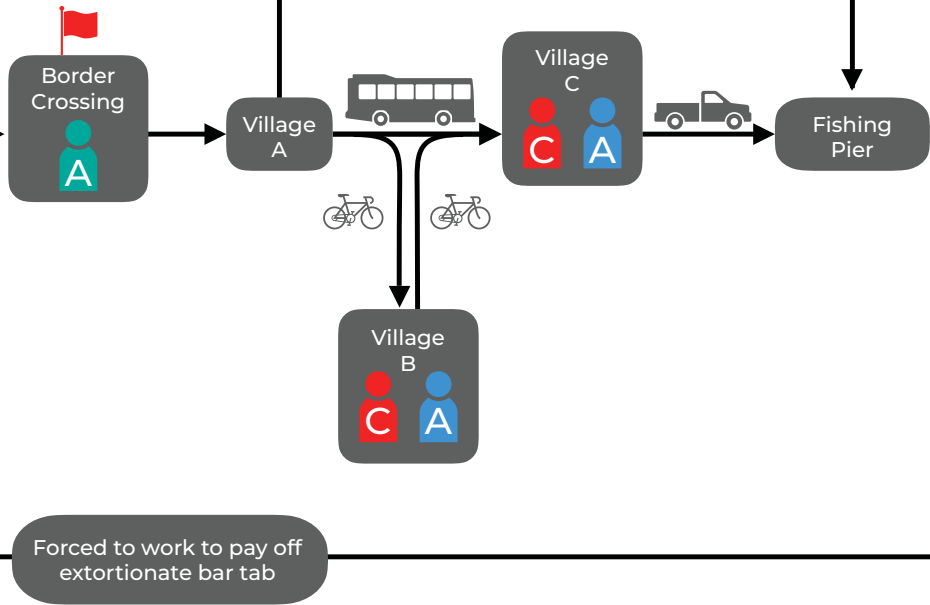
Flow of People

RECRUITMENT

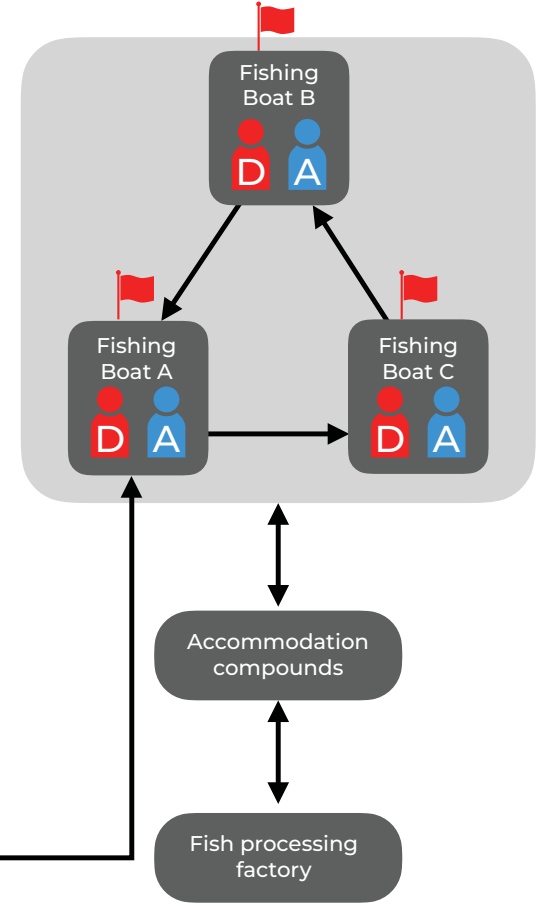


DESTINATION COUNTRY

TRANSPORTATION

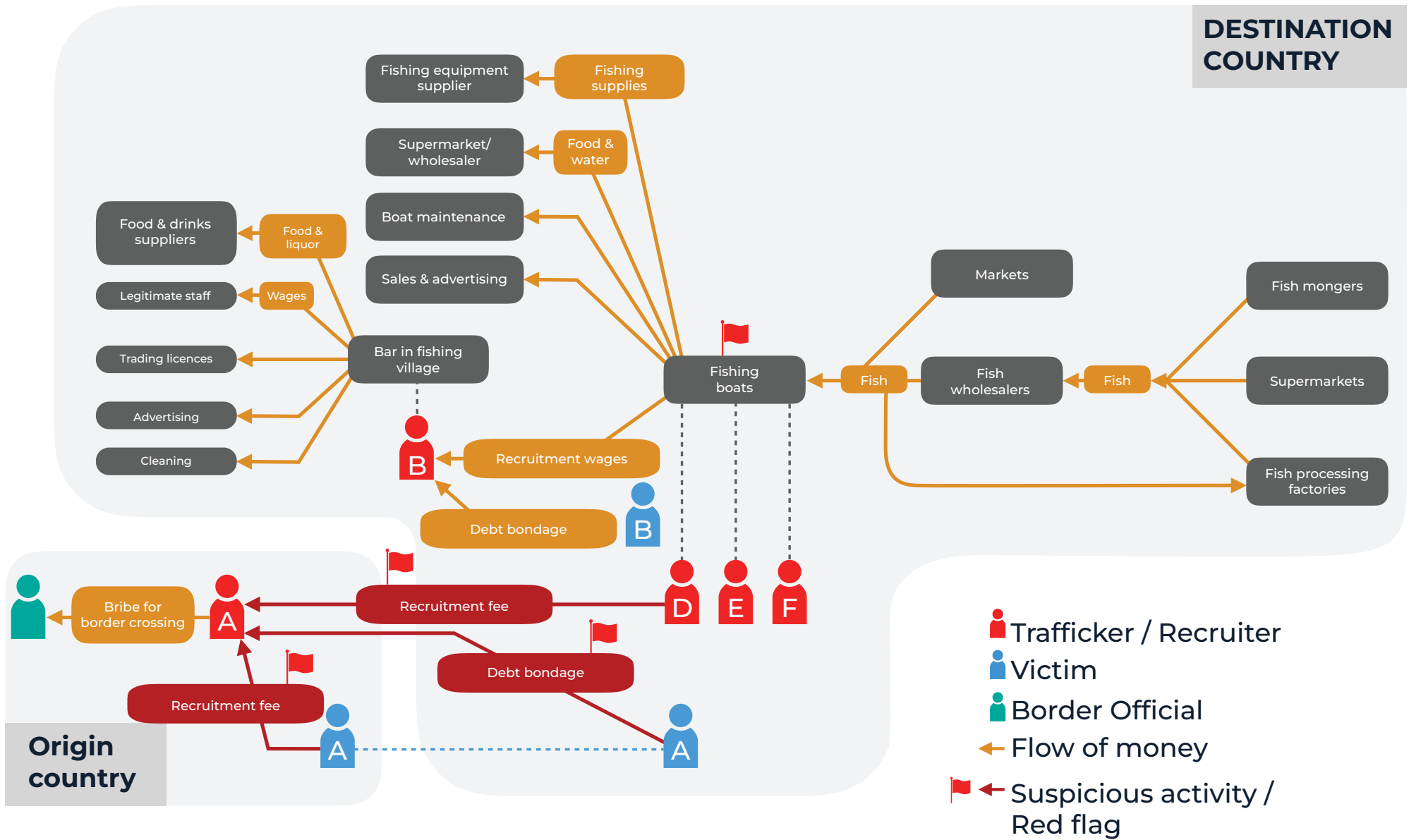


HARBOURING & COERCION



■ Trafficker / Recruiter
 ■ Victim
 ■ Border Official
 ■ Suspicious activity / Red flag

Flow of Money



KYC Red Flags Indicators

1. People

- A recruiter who has links to the fishing industry works in a nearby country to gather workers for low-skilled manual labour.
- Workers travel illegally across borders, stopping at various villages to pick up others.

Questions & Actions for Banks

- If a customer is a fishing company, does it have the relevant local licences?
- If the customer has fishing vessels in its supply chain, do its suppliers hold the relevant licences? Have any of its suppliers been involved in illicit activity before? Is the company able to give a breakdown of its staff (by age, sex, experience...)?

2. Place

- Bars in fishing villages have connections with local illicit fishing companies or vessels.
- Fishing vessels spend an unusually long time at sea, indicating that their workers are not getting time off.
- Fishing vessels are unlicensed or have connections with individuals or companies known to be engaged in unlicensed practices.

Questions & Actions for Banks

- Does the fishing company have policies in place to ensure that workers are receiving proper treatment (e.g. medical care, time off)?
- What is the output ratio of the fishing company?
- Is this unusually high compared to similar vessels? Do the fishing vessel's outgoing staff costs reflect the size of the crew? If costs are unusually low this could indicate debt bondage, or that the crew are not being paid adequately.

3. Transactions

- The overseas recruiter is sent funds to pay 'wages', as well as to pay for any costs incurred in transporting the victims to the pier.
- The trafficked victims pay a recruitment fee to the trafficker with the hope of securing a new job.
- The fishing vessel does not have the wage outgoings to reflect the crew numbers required, indicating that the crew on board are not being paid adequately.
- The medical costs of the fishing vessel are unusually low.

Questions & Actions for Banks

- What is the declared activity of the fishing vessel? Does it spend an inordinate amount of time at sea?
- Are the owners of the fishing vessel making cross-border payments to recruiters overseas? Can these payments be justified and do these recruiters have an illicit reputation?
- Is there a lack of outgoing costs to pay for medical expenses, suggesting that staff are not being cared for correctly?
- Does the fishing vessel employ individuals who are in any way indebted to themselves or to local businesses?
- Are there indications of cost cutting activity that seem to reduce labour costs below attainable levels?

Indicators Categories



Behavioural

B1: Victim's ID removed from possession.

B2: Signs of physical abuse on customers who come into a branch.

B3: Customer reads their personal details from a script/form.

B4: Customer makes statements alluding to criminal activity.

B6: Repeated difficulty in contacting the customer.



Demographic

D1: Negative news hits related to key modern slavery terms.

D3: Multiple accounts opened for different people using the same phone number and/or email address.

D7: Account owners unaware of the account activity undertaken.



Transactional

T4: Payments made to/received from blacklisted recruitment agencies.

T6: Frequent payments for travel-related expenses to/from high-risk countries.

T11: Unexplained payments to high-risk jurisdictions for modern slavery.

T15: Living expenses that suggest sustenance of many individuals.

Industry Updates From 2017 Paper: Construction

Industry Overview

Construction workers perform extremely physical work, often outdoors. Workers can be exposed to adverse weather conditions. In developed countries, a construction worker is three to four times more likely to die on the job than workers in other sectors; in developing countries, this likelihood increases to three to six times more likely.

Because there are no formal training requirements for construction labourers, these low-skilled workers are paid lower wages than more high-skilled construction sector workers such as plumbers, electricians, and engineers. These workers can be intimidated by the fact that they can be quickly replaced if they express grievances. Temporary or casual workers, including day labourers, are a particularly vulnerable group. Incomes of temporary construction workers can be highly variable and seasonal.

Migrant workers make up a significant proportion of the workforce on most construction sites and are particularly vulnerable to labour exploitation and human trafficking. Migrant workers often work informally and they face the same risks as many low-skilled migrant workers, including low wages and the lack of social and/or legal protections. Lack of visa portability or visa sponsorship systems like the 'Kafala', confiscation of passports, and high recruitment fees are some of the numerous risks that make migrant construction workers highly vulnerable to human trafficking.



Case Study

Victim A is recruited by a local agent looking for general labour workers for a large-scale construction project in a nearby country. Victim A is a low-skilled manual labourer, and he gets paid very little for work in his home country. The promise of months of guaranteed work, with food and accommodation provided, is very attractive, so Victim A quits his job and agrees to work for the new construction agent.

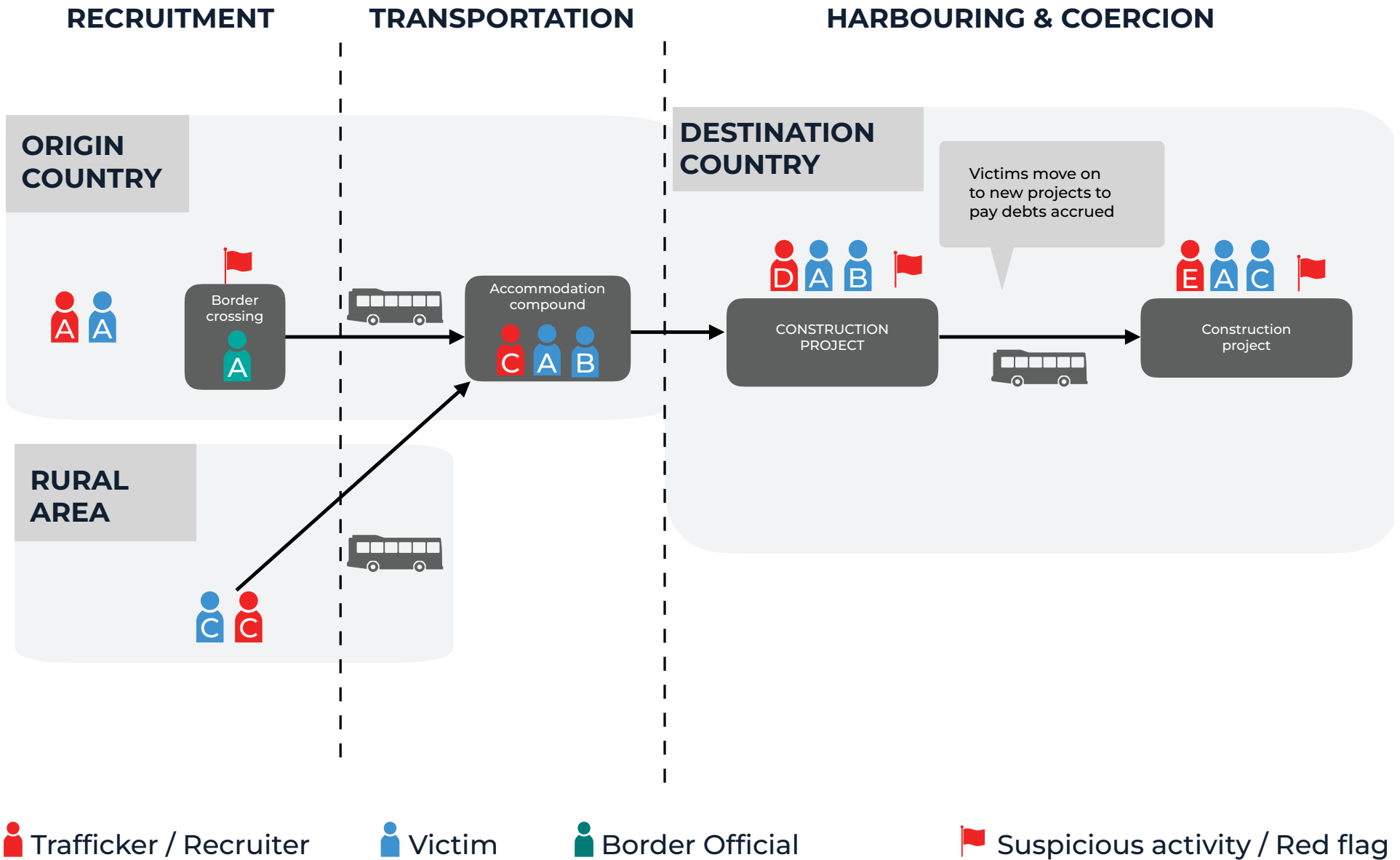
Victim A travels with a group of other migrant workers who will also be working on the construction project. When they arrive at the site, their passports/identity documents are taken from them for safekeeping and they are instructed to sign a contract detailing the conditions of their employment. They are to live in shared accommodation while the project is underway, and will receive payment for their work once the project is completed.

The working conditions on the construction site are incredibly hazardous, without proper health and safety regulations in place. If any of the workers get injured they are dismissed from the construction site without pay. They are picked up each morning by buses that bring them from the shared housing to the site, and expected to work 17 hours a day. They are not given sufficient food or water, and many get sick and some die as a result of the terrible working conditions. The accommodation in which they are living is overcrowded and unhygienic. Victim A withstands these conditions, partially out of fear, as his passport and ID card were taken away, and leaving the site could result in being arrested for working illegally in the country. Also, he has been promised good payment at the end of the project, so he continues in anticipation of bringing money back to his family.

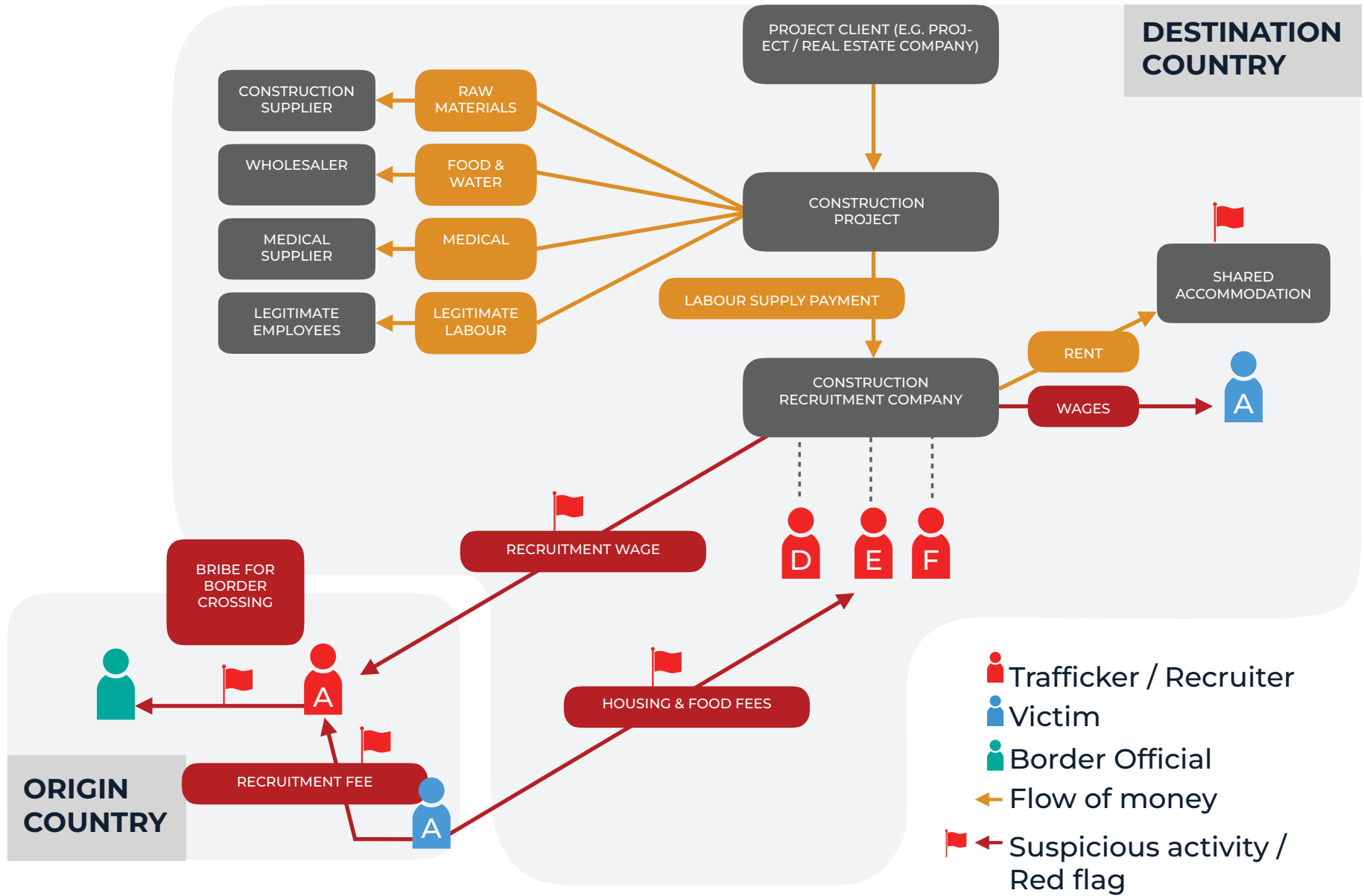
However, when the project comes to an end and the workers are expecting to be paid, he does not receive the promised money. He is told instead that he owes a considerable amount to the construction agency for providing food, accommodation and medical expenses. He is unable to terminate his employment with the company until these debts have been paid, and he can't afford to return to his home country. Victim A had also borrowed money from a local loan shark to pay for the initial recruitment fee, so his family is in danger if he cannot bring home enough money to repay it. Stuck in this cycle of debt, Victim A has no choice but to agree to work on further construction projects.



Flow of People



Flow of Money



KYC Red Flags Indicators

1. People

- Construction projects that outsource labour supply to agencies rather than directly employing workers, giving limited oversight to the contracts that those workers have with the agency employing them.
- Construction agencies that recruit high volumes of migrant workers.
- Employment contracts that withhold wage payment.
- Construction projects that promise short timeframes with cheap labour, suggesting that the labour used may be overworked and underpaid.

2. Place

- Many workers are housed in one location, and driven each day to and from the construction site.
- Construction projects are inaccessible to the public, so signs of abuse or unsafe working conditions may be hidden.

3. Transactions

- Wages are withheld until the end of the project.
- Recruiters receive fees paid by workers in order to secure work on a project.
- The labour costs of the project are low in relation to the number of employees.

Questions & Actions for Banks

- If a customer is engaged in construction projects, do they outsource labour supply to employment agencies?
- If the client uses agencies to source their labour, have they conducted due diligence to ensure that the workers employed by these agencies have legitimate and fair contracts?

Questions & Actions for Banks

- During a site visit, can any signs be seen of a dangerous working environment, such as workers not wearing the appropriate protective gear, with injuries, or appearing unwashed and fatigued?
- Does the company have policies in place to ensure that workers are receiving proper treatment (e.g. medical care, time off)?
- What is the output ratio of the company? Do the company's outgoing staff costs reflect the size of the crew? If costs are unusually low, this could indicate debt bondage, or that the crew are not being paid adequately.

Questions & Actions for Banks

- Do the wage costs make sense considering the scale of the construction project?
- Do the wage costs seem unusually low compared to those of similar projects in similar locations?
- Does the number of workers make sense considering the time frame of the project?
- If the customer is a recruitment agency, does it take fees for its services from workers?
- Are the owners of the company making cross-border payments to recruiters overseas? Can these payments be justified and do these recruiters have an illicit reputation?
- Is there a lack of outgoing costs to pay for medical expenses, suggesting that staff are not being cared for correctly?
- Are there indications of cost cutting activity that seem to reduce labour costs below attainable levels?

Indicators Categories



Behavioural

B1: Victim's ID removed from possession.

B2: Signs of physical abuse on customers who come into a branch.

B3: Customer reads their personal details from a script/form.

B4: Customer makes statements alluding to criminal activity.

B7: Business premises inaccessible.



Demographic

D1: Negative news hits related to key modern slavery terms.

D3: Multiple accounts opened for different people using the same phone number and/or email address.

D4: One person acts as custodian for multiple retail accounts.

D7: Account owners unaware of the account activity undertaken.



Transactional

T4: Payments made to/received from blacklisted recruitment agencies.

T6: Frequent payments for travel-related expenses to/from high-risk countries.

T11: Unexplained payments to high-risk jurisdictions for modern slavery.

T15: Living expenses that suggest sustenance of many individuals.

Industry Updates From 2017 Paper: Domestic Servitude

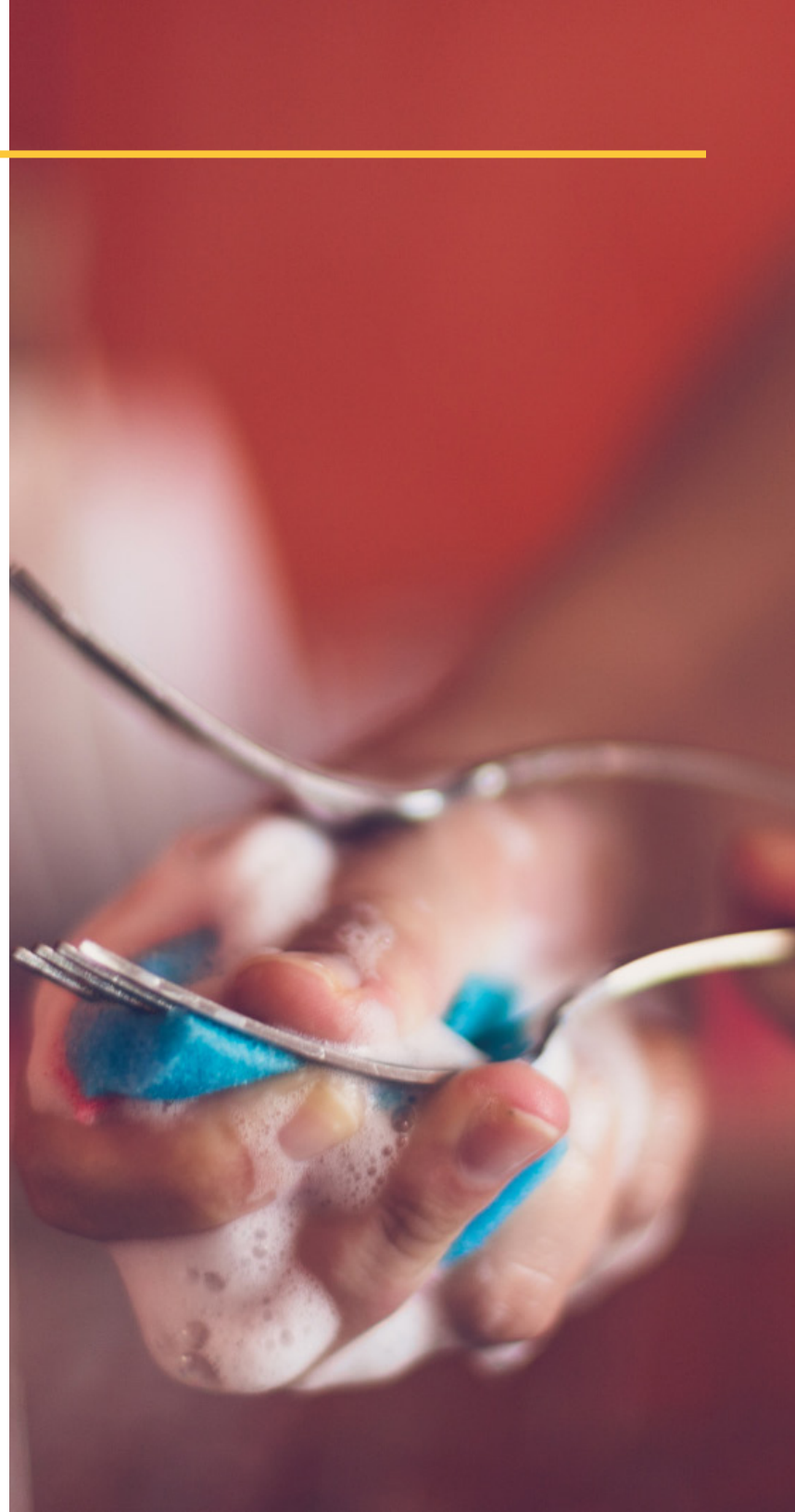
Industry Overview

Domestic work is a sector that is particularly vulnerable to exploitation because of the circumstances of working inside a private household often combined with a lack of legal protection. Domestic workers perform a range of tasks in private homes, such as cooking, cleaning, laundry, taking care of children and the elderly, and running errands. Some domestic workers also must live in their employers' homes and are often considered 'on call' to undertake work for their employer 24 hours a day.

The pay is often very low, with wage payments frequently delayed. Some domestic workers may not be paid at all or only receive 'payment in kind' such as food or accommodation. For some domestic workers, the circumstances and conditions of their work amount to slavery. This happens when employers stop domestic workers from leaving the house, don't pay wages, use violence or threats, withhold their identity documents, limit their contact with family and force them to work.

The ILO estimates that at least 52.6 million men and women worldwide are domestic workers, in addition to 7.4 million children below the age of 15. Women and girls make up the overwhelming majority of domestic workers. The ILO estimates that more girls under the age of 16 work in domestic service than in any other category of child labour. Some domestic workers are migrant workers from other countries or regions, mainly moving from rural areas to the city. For many, domestic work is one of the very few options available to enable them to provide for themselves and their families. Domestic work is poorly regulated and undervalued. In many countries, domestic workers are not considered employees but rather as informal 'help', and they are excluded from national labour regulations.

Often, they do not enjoy the same protections as other workers, such as legal contracts, minimum pay, holidays, health care, social security and maternity benefits. In countries where domestic workers are covered by national labour laws, enforcement is poor and these protections have not been translated into practice.



Case Study

Victim A has three children and two elderly parents to support. Many people in her hometown have moved to a wealthy city in a nearby country to work as domestic helpers. They regularly send money back to their families, and can make much more as foreign domestic helpers than they ever could back home. Victim A decides to follow this route when she is approached by a local recruiter looking for a personal helper for a wealthy family. The recruiter demands a fee in order to secure Victim A's contract and transportation to her new home. Victim A is told that she will be living with the family for which she will be working, and that this is common practice for other helpers. Victim A agrees to these terms and pays the fee to the recruiter before making the journey to begin working as a domestic helper.

When Victim A arrives at her destination, she is taken out of the city to a house in a rural part of the country. She is unfamiliar with these new surroundings, so quickly loses track of how to get back to the city or where she is being taken. Victim A begins working long days cleaning, cooking, and carrying out heavy manual labour for her new employers. As she is living with her employers, she is on-call 24 hours a day with no days off or personal time allowed. Victim A does not speak the local language, and has been told that she will be arrested if she tries to leave the house as local law enforcement is very harsh on illegal immigrants. Victim A is paid a small amount of cash each week, and must buy her own food with it. Sometimes the money doesn't come and she must go without food.

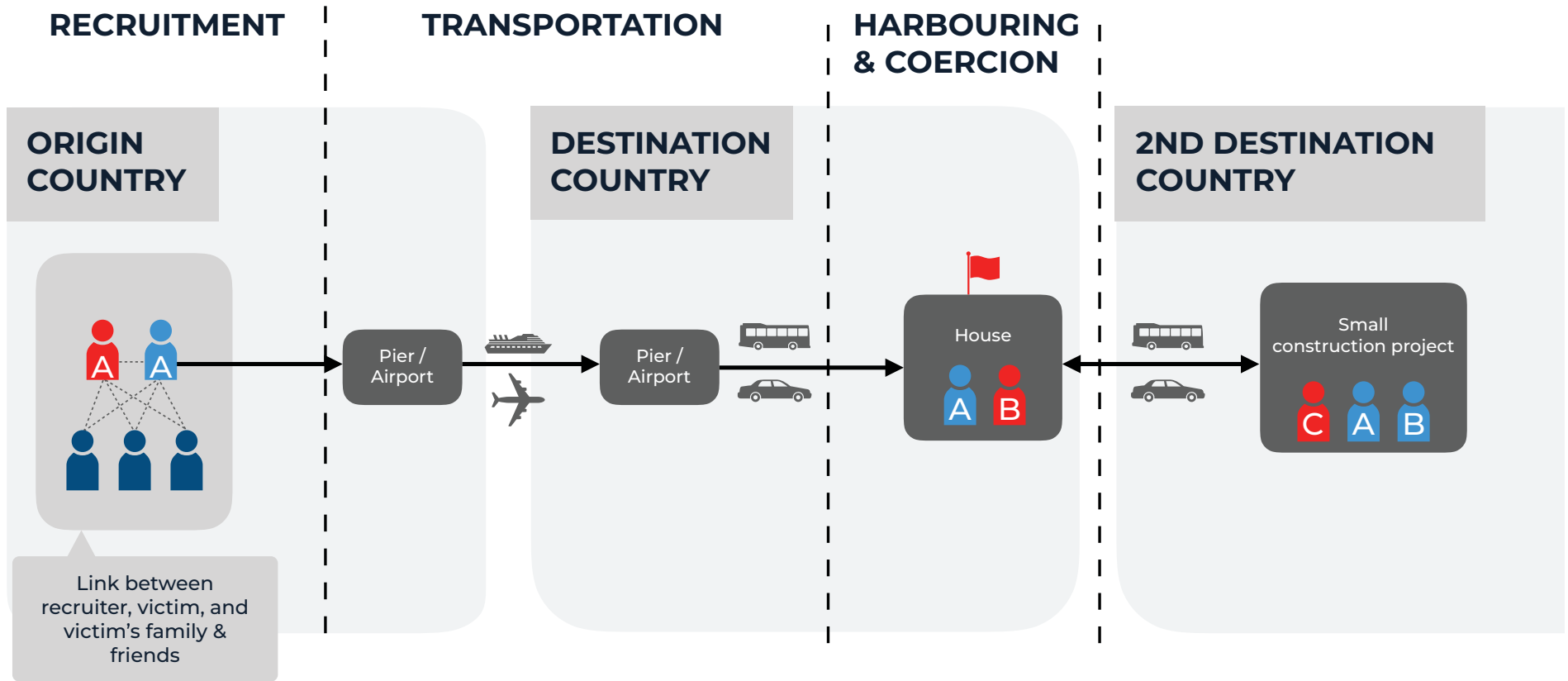
The only time she is allowed to leave the house is when she is driven to carry out manual labour for other local employers, sometimes crossing the border into nearby countries.

During one of these trips, she is asked to sleep with the employers. Her refusal triggers beatings and threats which force her to accept. From that moment onwards, sexual abuse becomes routine.

Victim A is trapped in debt bondage, ashamed, and with no local knowledge to find a way out, and fearful of the consequences for herself and her family if she tries to make an escape.



Flow of People



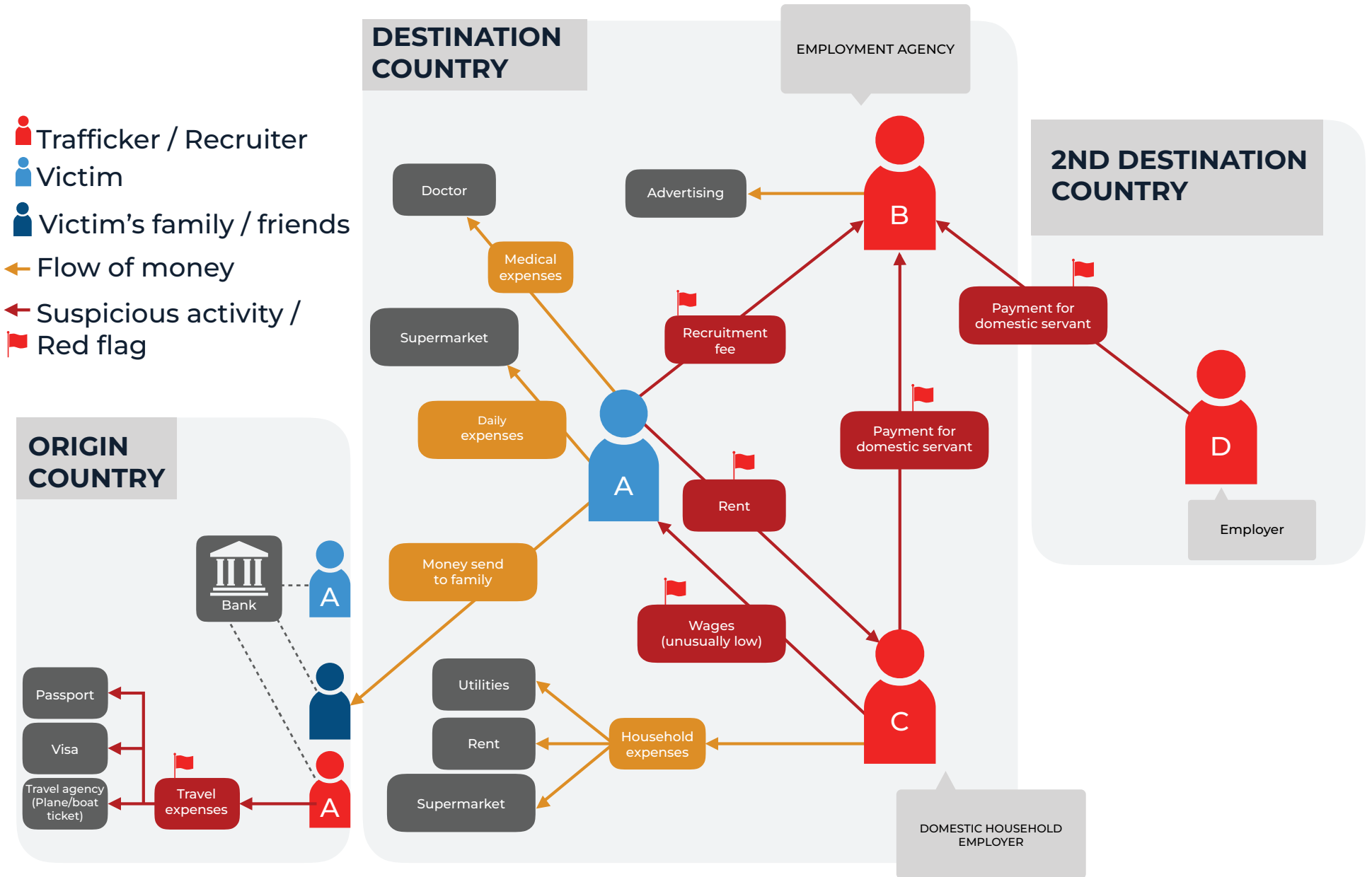
 Trafficker / Recruiter

 Victim

 Victim's family / friends

 Suspicious activity / Red flag

Flow of Money



KYC Red Flags Indicators

1. People

- Domestic workers enter the country with illegitimate recruitment agencies and forged documentation, or without an agency at all.
- Recruitment agencies do not carry out proper due diligence on the employers that the domestic helpers will be working for.
- Workers suffer from injuries suggesting that they are being forced to carry out duties over and above that of a normal domestic helper, such as construction or hard manual labour.

Questions & Actions for Banks

- When visiting the bank to open a local account, the domestic helper may be accompanied by a translator. Does this individual appear to have control of the helper's personal documents?
- Does the helper appear to be under duress, or show any physical signs of abuse?
- Is a domestic helper recruitment agency associated with negative news or previous lawsuits to suggest that it is not legitimate?

2. Place

- Workers are transported around the country or cross-border to carry out manual labour for a network of employers.
- Recruitment agencies fail to keep a record of the well-being of their workers and no site visits are conducted.

Questions & Actions for Banks

- Does the recruitment agency have policies in place to ensure that it keeps track of its employees' destinations and ensure that its workers' contracts are fair, without demanding large debt repayments from wages?
- If the client uses agencies to source their labour, have they conducted due diligence to ensure that the workers employed by these agencies have legitimate and fair contracts?

3. Transactions

- Wages are withheld until the end of the project.
- A worker pays a recruiter a fee in her home country to secure work as a domestic helper abroad.
- Recruitment agencies withhold wages from workers in order to pay off debts incurred during the recruitment and transportation stages.

Questions & Actions for Banks

- Do recruitment agencies charge new workers fees that are in line with local laws and of an appropriate level?
- Do the recruitment fees taken fall in line with the size and scale of the business?
- Is a domestic worker's incoming salary in line with the local laws? Are there large payments returning to their employers?
- Is an individual receiving payments from different sources to which they have no clear connection, especially those in or coming from a country where there are many trafficked persons?
- Does an individual make unusually frequent journeys to and from nearby foreign destinations that are high-risk source countries? Are there any purchases of foreign currency, visas or tickets.
- Are the owners of the company making cross-border payments to recruiters overseas? Can these payments be justified and do these recruiters have an illicit reputation?

Indicators Categories



Behavioural

B1: Victim's ID removed from possession.

B2: Signs of physical abuse on customers who come into a branch.

B3: Customer reads their personal details from a script/form.

B4: Customer makes statements alluding to criminal activity.

B6: Repeated difficulty in contacting the customer.



Demographic

D1: Negative news hits related to key modern slavery terms.

D7: Account owners unaware of the account activity undertaken.



Transactional

T1: Payments made to advertisers of illicit services.

T4: Payments made to/received from blacklisted recruitment agencies.

T6: Frequent payments for travel-related expenses to/from high-risk countries.

T11: Unexplained payments to high-risk jurisdictions for modern slavery.

T17: A single client depositing multiple cheques for the prevailing monthly minimum domestic worker wage.

Industry Overview

Textile and apparel production is one of the largest industries in the world. It has relatively low barriers to entry as it is not highly capital intensive and primarily utilises low-skilled workers. Furthermore, production can easily be shifted from country to country in pursuit of lower production costs, creating downward pressure on wages and working conditions. For many workers, employment in the textile and apparel sector offers a first opportunity to gain employment in the formal economy, which is typically higher paid and more stable than the informal sector or agriculture. However, wages and working conditions are often substandard or exploitative, and there are low levels of unionisation.

Workers in the textile and apparel manufacturing sector face a wide variety of labour violations, including withholding and deduction of wages, forced overtime, and verbal, physical, and sexual harassment. The necessity of meeting tight buyer deadlines often places excessive pressure on workers, and those who protest may be fired and blacklisted from the industry. Workers may work up to 18-hour days, seven days a week in advance of a deadline. In some cases, they may rely on overtime pay to earn a living wage. However, many factories do not adequately compensate workers for overtime, and often underpay wages by taking advantage of unrealistic quota systems or by falsifying overtime records.

In many countries, the textile and apparel production sectors are highly dependent on migrants, both internal and international. Brands attempting to cut transport costs and shorten lead times move their production bases closer to retail markets, using migrant labour to keep costs low. The high levels of subcontracting have led factories to rely on highly flexible pools of casual, contract labour hired through agents. Many migrant workers enter this sector with recruitment fee debt to labour brokers. Other indicators of human trafficking, including document retention and mandatory 'runaway' insurance (the practice of requiring workers to lodge deposits) are common. Migrant workers may have contracts with a recruiter, outsourcing agent, and factory management, each with different terms and conditions. This obscures the employment relationship and employer accountability, opening the door to abuses.



Case Study

Victim A, who lives in a poor rural village, is approached by a recruiter who is looking for people to work in a garment factory in a nearby city. For a fee, the recruiter promises a guaranteed job and all of the necessary transportation costs such as train tickets, food, and accommodation. Victim A will receive a small working allowance over the two-year contract and then a lump sum upon completion, with certain expenses such as rent being deducted from this payment. As Victim A needs money to support her family, and is unable to find such reliable work in her home village, she agrees to take the job in the garment factory.

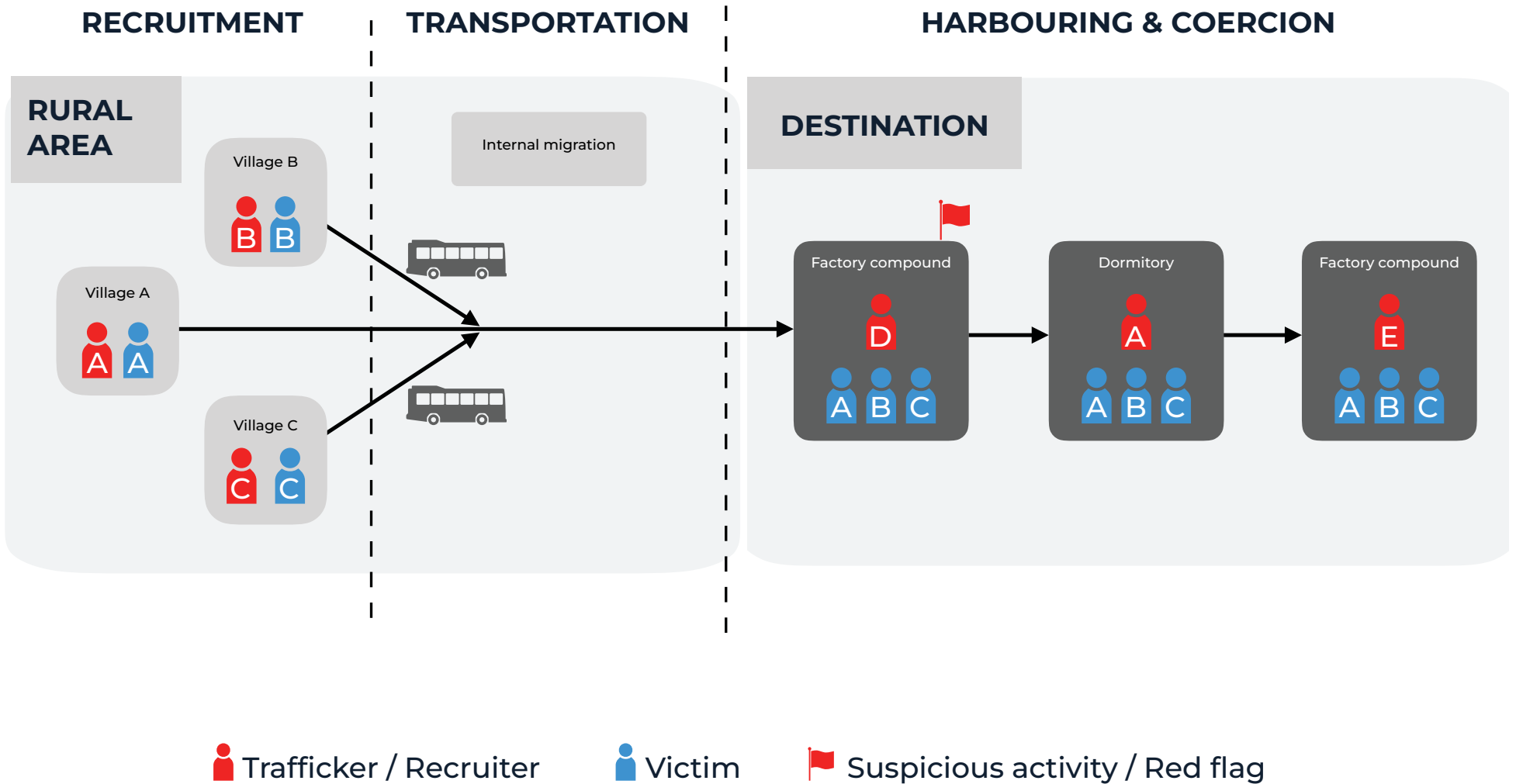
Victim A lies about her age to secure the job, saying that she is older than 16, as required by law. She then pays the recruitment fee, and makes the journey to the factory compound with many others who have also secured jobs there. When she arrives, her identification documents are confiscated and she is put to work on the factory floor. The conditions in the factory are unhygienic and cramped with poor lighting and old manual machinery. She works for many hours a day sewing garments by hand. The workers are given daily quotas of orders that are impossibly high, and they are told that their pay will be docked for every hour extra that they take to fulfil each order. They are frequently unable to complete these quotas, and so lose a proportion of their daily pay as a result. In order to avoid this, they work as many hours in the day as they can. If they are caught sleeping or spending too long away from their workstation, they are beaten and denied food for the day. If they get sick and are unable to work, they are not paid for the time that they have missed.

The factory is secured and surrounded by security fences, so it is very difficult to escape. The employers also threaten the workers, saying those who are caught trying to escape will be beaten and their families at home will be punished.

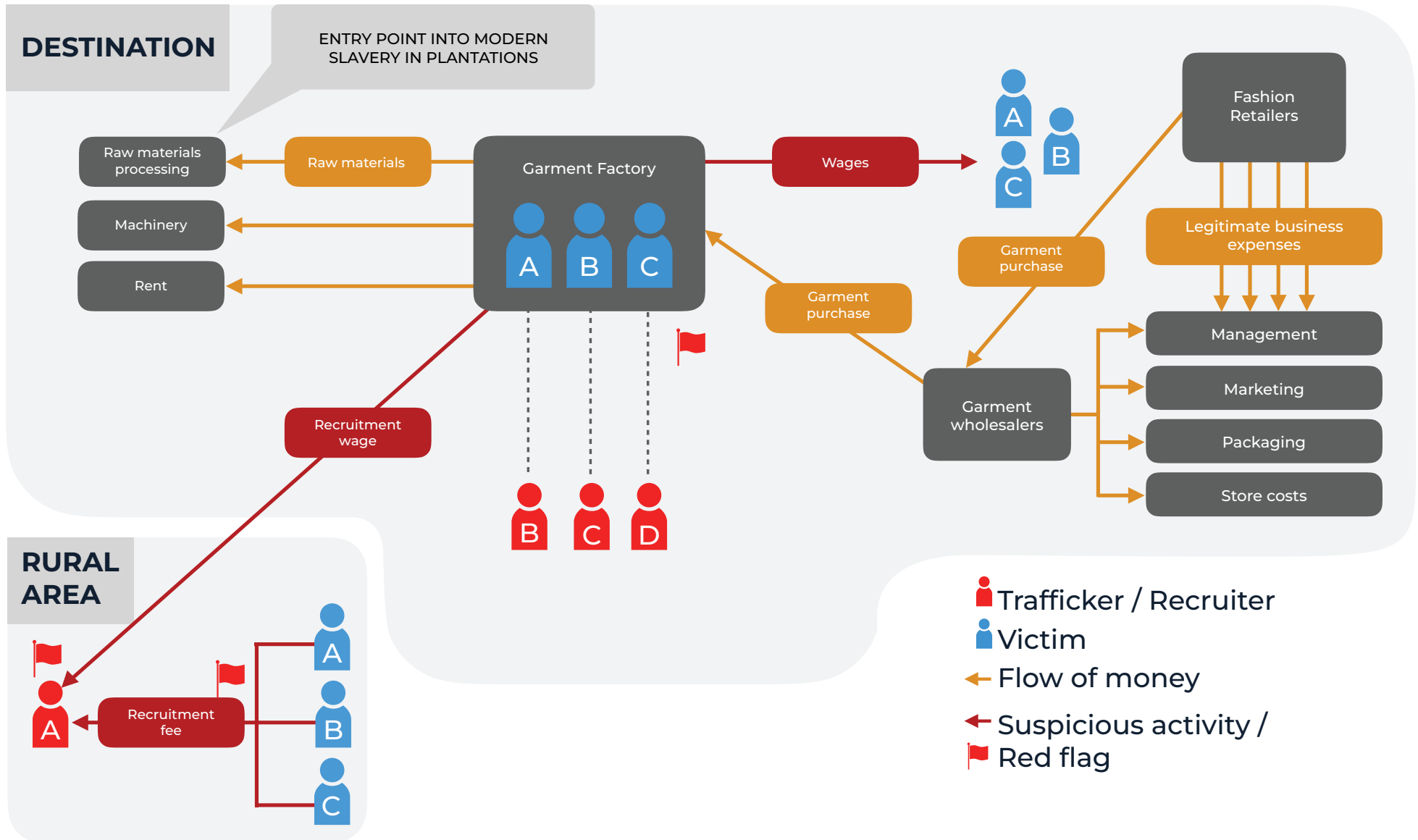
The garments that are made in this factory are sold to fashion wholesalers as well as large fashion retail brands. Many of these companies have not carried out sufficient due diligence on their supply chain, and may be unaware of the conditions in the factory.



Flow of People



Flow of Money



KYC Red Flags Indicators

1. People

- Workers are sourced from poor and rural areas and taken to work in garment factories.
- Child labour is often used as it is cheaper, and can be readily available in areas with little other work or education opportunities.

Questions & Actions for Banks

- Do customers involved in the fashion/garment industry have a good understanding of their supply chains?
- Can they confidently articulate the source of the garments that they are selling, and can they confidently state that this source did not involve forced labour?
- Have they conducted proper audit on their Tier 1 & 2 suppliers?
- Does the garment manufacturing company have clear policies on labour conditions, including checks to ensure that they are not hiring underage workers?
- Are customers involved in the fashion industry or their suppliers associated with negative news articles or court cases concerning modern slavery offences? If so, have these issues been addressed?

2. Place

- Workers are transported around the country or cross-border to carry out manual labour for a network of employers.
- Workers are housed in the factory compound, or driven to and from shared housing each day to ensure that they do not leave the control of the factory.

Questions & Actions for Banks

- Is the garment manufacturing company situated in a country or area that is considered high risk for cheap and exploitative labour practices?
- Has the relationship manager been on a site visit to the garment manufacturing company? If so, are the factory conditions safe? Are there any signs of imprisonment of workers such as barbed wire around perimeters?
- Is the customer unusually defensive about allowing the relationship manager to conduct a site visit? Do they insist on meeting at a head office rather than the factory premises?

3. Transactions

- In order to secure a job, workers are expected to pay a recruitment fee, which may be paid upfront or come out of their future wages. Companies source their stock from many different factories, without a good understanding of their supply chain or where their money is ending up.
- Outgoing wage costs are unusually low considering the number of employees, indicating that the factory workers are not being paid a fair wage or the factory is withholding wages.

Questions & Actions for Banks

- Are garment manufacturers offering legitimate employment terms to their workers? Is there any evidence of withholding wages?
- Are the wage costs for the garment factory unusually low considering the size of its output?
- Are costs for other employee expenses such as healthcare, food, insurance unusually low for a factory of this scale?
- Is the stock that fashion retailers are buying from their suppliers unusually cheap? If so, how are they able to source such cheap stock? Are they confident that this is from a legitimate source?
- Do the processing rates and output make sense considering the number of employees?

Indicators Categories



Behavioural

B1: Victim's ID removed from possession.

B2: Signs of physical abuse on customers who come into a branch.

B3: Customer reads their personal details from a script/form.

B4: Customer makes statements alluding to criminal activity.

B5: Customer insists on using a PO box or equivalent rather than giving a residential address.

B6: Repeated difficulty in contacting the customer address.



Demographic

D1: Negative news hits related to key modern slavery terms.

D3: Multiple accounts opened for different people using the same phone number and/or email address.

D4: One person acts as custodian for multiple retail accounts.

D6: Unusually high number of unrelated individuals residing at the same address.



Transactional

T1: Payments made to advertisers of illicit services.

T4: Payments made to/received from blacklisted recruitment agencies.

T6: Frequent payments for travel-related expenses to/from high-risk countries.

T11: Unexplained payments to high-risk jurisdictions for modern slavery.

T15: Living expenses that suggest sustenance of many individuals.

Industry Updates From 2017 Paper: Agriculture - Plantation

Industry Overview

For the purposes of this report, 'agriculture' is defined as the growing of crops and the rearing of livestock for food and other uses.

Due to the extent of smallholder farms around the world, much of agricultural labour takes place in the informal economy, which tends to be less regulated. Even on commercial farms, agricultural labour is often excluded from labour protections afforded to other sectors. Wages tend to be lower than in other sectors, and are often paid on a piece-rate or quota basis. Piece-rate wages (paid by volume, weight or amount of product harvested) create a risk that workers will be poorly paid, possibly under the legal minimum wage. Furthermore, farmers face price volatility – particularly in relation to commodity crop prices – and, in some years, may operate on extremely slim or even negative profit margins. This creates a cycle of debt, making farmers more likely to rely on unpaid family labour, including child labour.

Vulnerability to forced and child labour can be linked to land rights and land share agreements. Subsistence farmers who have been forced off of their land by land grabs are especially vulnerable to becoming victims of labour exploitation and human trafficking. For example, subsistence farmers may sell their land due to coercion and deceit, including false promises of permanent jobs, and so become completely dependent upon the new plantations for employment.

The workforce is generally low-skilled, with the majority of production or line positions requiring little formal education. Due to the low-skilled nature of work and low barriers to entry, many jobs in the sector are held by vulnerable populations, including minority and migrant workers. Women in agriculture often face high levels of sexual abuse and harassment. As in other sectors, including agriculture more broadly, migrant workers are vulnerable to a constellation of indicators of trafficking. They may have debt linked to their recruitment process, or their visa status may tie them to a single employer.

Undocumented migrants may be susceptible to intimidation and threats of deportation. While specific data is not disaggregated from broader data on workers in all types of manufacturing, many jobs in the food processing sector are temporary, casual, part-time or contracted, and workers often lack social protections afforded to workers in other sectors. Many of these temporary workers are hired through third-party staffing agencies, and thus often lack a direct employment relationship with their worksite.

The crop cycle timeline can increase the vulnerability of agricultural migrant workers to human trafficking. Farmers who hire migrant workers, whether international or domestic, may not pay them until their crops are sold at harvest. This delayed payment limits workers' ability to leave if the working conditions deteriorate. For example, some workers are not paid until the end of the season and are told that if they leave or do not harvest adequate amounts, they will be denied their pay for the entire season. These workers may be more likely to solicit loans from their employer or other money lenders to cover their living expenses, leaving them vulnerable to debt bondage.



Case Study

Victim A lives in a poor rural area as part of a large family that struggles to make ends meet. One day, a labour broker for a large plantation owner visits the village and offers Victim A's family money if they allow her to be taken to a plantation to work. The broker promises that she will be given food, accommodation and a wage for the manual labour carried out during her time on the plantation, which will last the harvest. Victim A's family agree to these terms, as they are desperately in need of money and understand that there is little work to be found in their village. Victim A is taken on a bus, filled with many others from nearby villages, and driven miles across the country before arriving at the plantation. There are many other people who have been brought to work on the plantation, some of whom come from rural areas too, and others who are migrant workers recruited as they entered the country.

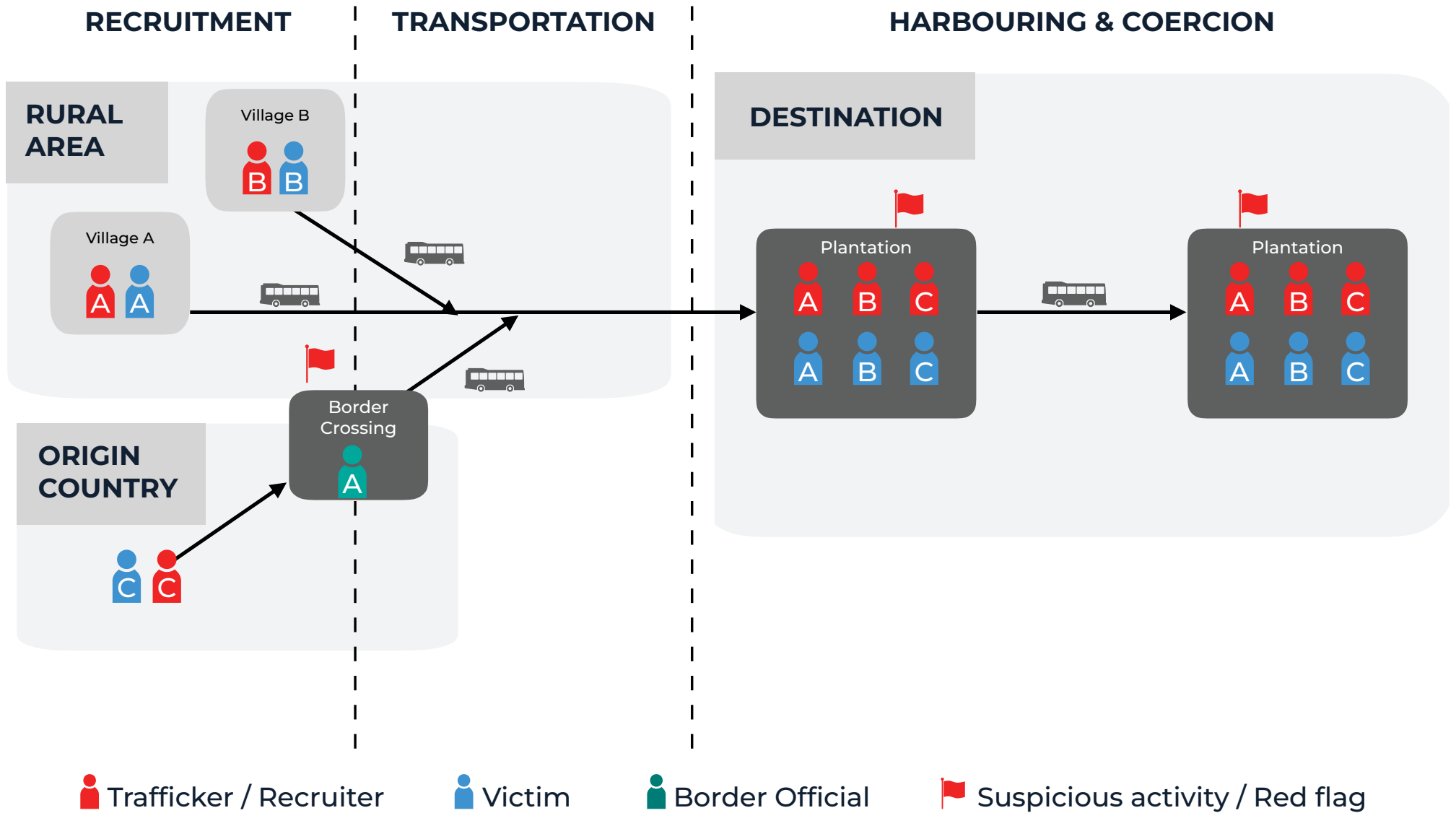
The labour broker who hired Victim A is paid by the plantation owners to provide sufficient labour to ensure that the allocated quota for the harvest is fulfilled. Therefore, in order to earn a large fee, the labour broker must ensure that as much work is done on the plantation for as little cost as possible.

Victim A is put to work with the others, carrying out gruelling manual labour on the plantation, working up to 17-hour days with little rest. She is forced to sleep on the plantation in a camp that houses all of the plantation workers together. Food rations are scarce, and although their health was checked upon arrival to ensure that they would be strong enough to work, some workers fall sick due to the terrible working conditions. They are not allowed to leave the plantation to go to hospital, as they must work to fulfil the quota.

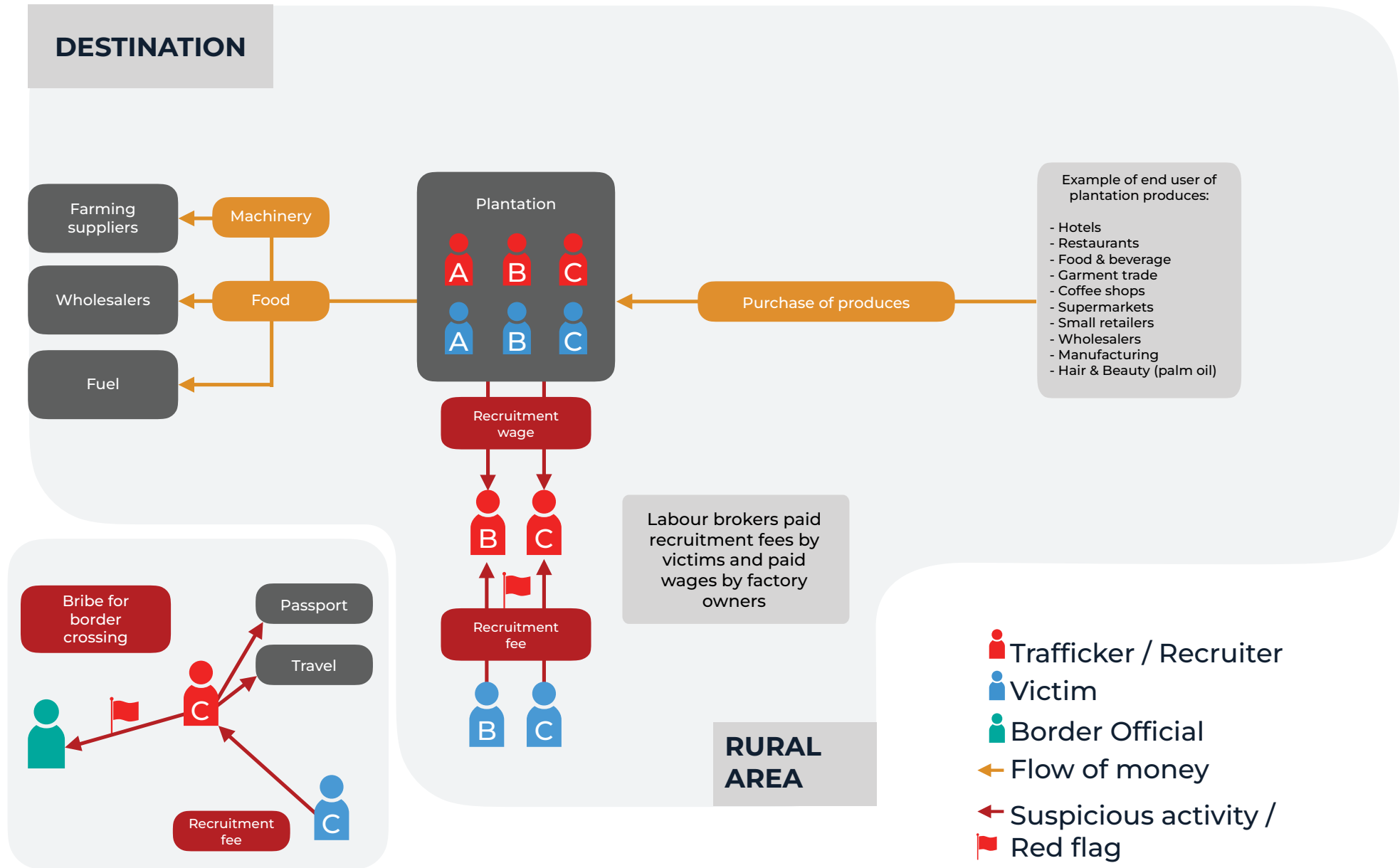
Victim A is far from home, and unable to afford to travel back. She can't escape the plantation because there are guards patrolling throughout the day and night. She is threatened with beatings when she doesn't work hard, and her broker will take the majority of the earnings over the harvest – even if the impossibly high quota is fulfilled. When the time comes for her to move, she is sold to a new broker, taken to a new plantation and put to work again.



Flow of People



Flow of Money



KYC Red Flags Indicators

1. People

- Workers are held on plantations for long periods of time, possibly living there in camps.
- Labour brokers are used to recruit workers for the plantations, and may work under contracts whereby they are rewarded for cheap labour and a high output.

Questions & Actions for Banks

- Does the customer have any risk of illegitimate plantations in its supply chain? High-risk industries may include wholesalers, food processing, garment manufacturing, hospitality, and food and beverage retailers.
- If there is a risk of illegitimacy in the supply chain, has the proper due diligence been carried out by the business to ensure that their produce has been ethically sourced?
- Does the output of the plantation make sense considering the number of employees?

2. Place

- Workers for plantations are recruited from poor rural areas or from migrant populations. Workers may be sourced from an illegal migrant population who have transacted with traffickers to ensure passage. These traffickers may have links to local plantations and act as labour brokers.
- Plantations are inaccessible, with high levels of security to stop workers from escaping.

Questions & Actions for Banks

- Has a visit to the plantation site been carried out? If so, are there signs of maltreatment of the workers?
- Do the workers appear to be housed on the plantation with limits to their movements?

3. Transactions

- Workers pay recruitment fees in order to secure a job.
- Brokers contracts and plantation processes encourage the practice of employing cheap labour that will yield a high output. Brokers are often rewarded for filling high quotas at low prices.
- A customer's business or supply chain is situated in a high-risk country for modern slavery in plantations.

Questions & Actions for Banks

- Does a plantation owner have a proper understanding of the labour practices occurring in its premises? If it uses labour brokers to source workers can it be confident that wages are reaching workers correctly?
- Are outgoing wage costs unusually low considering the number of people that work on the plantation?
- If a customer has a plantation in its supply chain, can it be confident that produce is sourced ethically and is free from modern slavery? Are the relevant licenses in place? Are payments for produce ending up in illegitimate hands?

Indicators Categories



Behavioural

B1: Victim's ID removed from possession.

B2: Signs of physical abuse on customers who come into a branch.

B3: Customer reads their personal details from a script/form.

B4: Customer makes statements alluding to criminal activity.

B5: Customer insists on using a PO box or equivalent rather than giving a residential address.

B6: Repeated difficulty in contacting the customer.



Demographic

D1: Negative news hits related to key modern slavery terms.

D3: Multiple accounts opened for different people using the same phone number and/or email address.

D4: One person acts as custodian for multiple retail accounts.

D6: Unusually high number of unrelated individuals residing at the same address.



Transactional

T1: Payments made to advertisers of illicit services.

T4: Payments made to/received from blacklisted recruitment agencies.

T6: Frequent payments for travel-related expenses to/from high-risk countries.

T11: Unexplained payments to high-risk jurisdictions for modern slavery.

T15: Living expenses that suggest sustenance of many individuals.

New Industries: Scam Labour Camps / 'Pig Butchering'

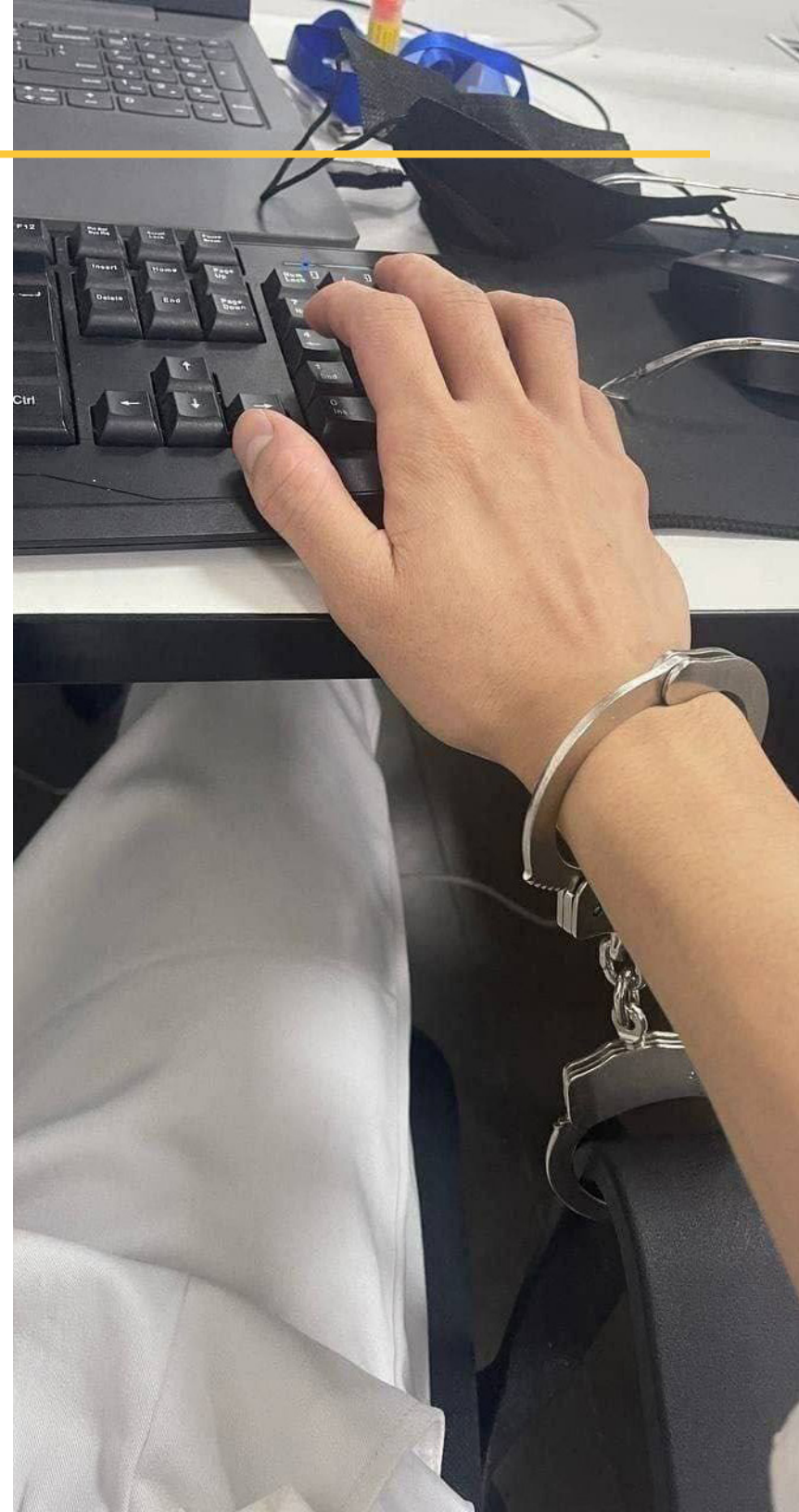
Industry Overview

The term 'pig butchering' has become widely recognised in the field of anti-money laundering. These types of scams, typically entail scammers making unsolicited contact with individuals, gaining their trust, and then deceiving them into investing in bogus ventures. This process is commonly referred to as the 'fattening of the pig'. Once the funds are obtained, the fraudsters 'butcher' the victim and then disappear without a trace.

Scam centres run operations designed to defraud individuals through deception, often involving impersonation, manipulation, and false information. These centres have proliferated, thanks to the anonymity provided by the internet and the development of telecommunication technology, such as fraudulent investment platforms, telecommunication, and artificial intelligence, to avoid detection. These tools enable networks to reach out to victims worldwide, to recruit victims of human trafficking, and to defraud victims in order to amplify their impact. Scam centres operate inside extensive global networks. The recruitment, transportation, and movement of individuals across borders are integral to their operations.

There are two types of victims involved in this complex crime. First, there are foreign nationals from developing countries who are replying to fake recruitment ads published by the criminals. They are forced to work in the scam centres, defrauding people. The second type of victim is defrauded via deceptive schemes, such as romance scams, investment scams, etc. Victims of this form of human trafficking have reported that hundreds of thousands of individuals from China, Taiwan, Brazil, the United States, Ethiopia and other countries across the globe have been trafficked into the scamming compounds.

Victims in the compounds are often recruited overseas via fake job advertisements, enticed by high salaries, free flights, dream jobs and the opportunity to experience a new country. However, upon arrival they will be trafficked to a compound and forced to defraud individuals worldwide. Those who refuse may be subjected to physical violence, food deprivation, electric shocks and consumption of illicit drugs to keep them from sleeping and continue scamming. The different companies that operate in the scamming compounds often specialise in various scamming techniques; this includes targeting specific types of 'clients' or scamming victims.



Case Study #1

Victim A was struggling to find a job in his small town in China and came across a lucrative job offering on social media. Little did he know that this fake job ad by the recruiters had the only purpose of trafficking and holding captive victims like him by syndicates who run the scam centres.

Victim A was given money for the flight and passed corrupt immigration controls. Once he arrived at the compound, he was tasked to use dating apps and lure successful and wealthy women from Hong Kong, Singapore and other developed countries looking for love. Victim A pretended to be successful in the cryptocurrency space and was able to connect to the victim of the scam (Victim B). Being wealthy, Victim B was intrigued by success and assurance of big returns. She started sending money to a fake website, while Victim A continued to speak and encourage her to invest more. He provided a fake statement showing a big return on the fake investment portfolio. When Victim B wanted to cash out, she was informed about the need to invest a bit more to cover taxes. After she transferred the final money, she never heard from Victim A who was now forced to scam again against his will. The only beneficiaries were the captors, who continued to replicate and become better at this process through trial and error.

Victim A and others in the compounds were given numerous mobile phones and computers, so they could carry out a large number of scams simultaneously at any given time. The process of the scam was thoroughly thought out and constructed by the traffickers with psychological tactics in mind for the purpose of inducing victims into investing in fake investment websites. There was also well-developed money flow through the banks, payment processors and anonymous money wallets.

While Victim A was fraudulently recruited to the compounds, others went voluntarily to conduct scams. Many of the latter were wanted by authorities in their home country. However, in both scenarios, they may be subject to violence, torture, restrictions of movement, and become forced labourers. Some people in the compounds also became recruiters, getting paid thousands to lure others, even family and friends.

Victim A eventually escaped the compounds, after paying hefty immigration penalties for overstaying and ransom payments for his kidnappers. His struggles did not finish after the release. Many escaped trafficking victims who return home to their respective countries face internal and external shame and rejection from society. Their reputation as scammers makes it difficult to reintegrate or find jobs, increasing the risk of re-exploitation.



Case Study #2

The proliferation of online scam activities can be traced back to the growing presence of casinos and online gambling ventures in Southeast Asia. Official restrictions on gambling, particularly its online variant, vary in stringency across countries such as China, Cambodia, Thailand, and Lao PDR. Attempts have been made since 2016 to shut down these operations in the region, but often, such endeavours merely prompt their relocation and adaptation, inadvertently strengthening the influence of organised criminal groups. Notably, the number of casinos in Cambodia surged by 163% between 2014 and 2019, from 57 establishments in 2014 to 150 in 2019. The Philippine Offshore Gambling Operator (POGO) system, established in 2016, aimed to facilitate online gaming exclusively for players outside the Philippines, employing a substantial workforce, including migrant workers and a smaller contingent of Filipinos. Concerns have been raised regarding criminal activities associated with these operations, including instances of kidnapping and illegal detention of employees.

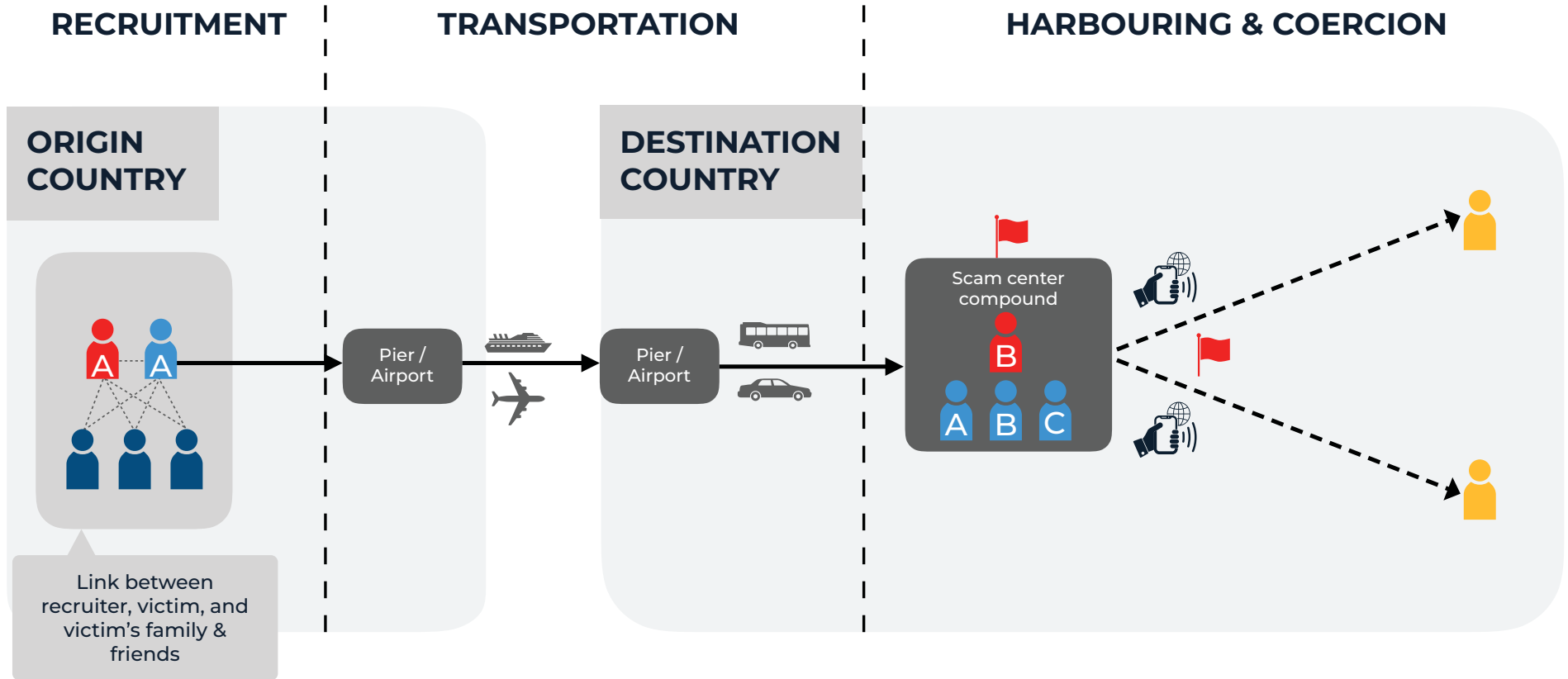
According to reliable sources, it is suggested that a minimum of 120,000 individuals in Myanmar and approximately 100,000 individuals in Cambodia are held in situations where they are compelled to engage in online scams. As of July 2023, reports indicate the presence of online scam centres in various locations in Cambodia, including Phnom Penh, Kandal, Pursat, Koh Kong, Bavet, Preah Sihanouk, Oddar Meanchey, Svay Rieng, Dara Sakor Special Economic Zone (SEZ), and Henge Thmorda SEZ. In Myanmar, these centres are purportedly situated in Shwe Kokko, Myawaddy (on the Thai border, including KK Zone and other compounds along the Moei River), Kokang Self-Administered Zone in Shan State, and the Wa-administered city of Mong La on the Chinese border, among other locations. In Lao PDR, the industry is believed to be centred around the Golden Triangle SEZ in the northwest of the country. Furthermore, in the Philippines, scam centres are reportedly operating within some POGOs and in SEZs like the Clark Free Port Zone. The Philippines has over 30 licensed POGOs, with additional illegal operations within the country.

Traditionally, documented trafficking cases in Southeast Asia predominantly involved individuals with limited access to education and engaged in low-wage occupations. However, the demographic profile of individuals trafficked into recent online scam operations differs significantly. Many victims possess higher levels of education, often originating from professional backgrounds, holding graduate or postgraduate degrees, and exhibiting proficiency in computer skills and multiple languages. These victims come from various countries across the ASEAN region, including Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.

Modus Operandi

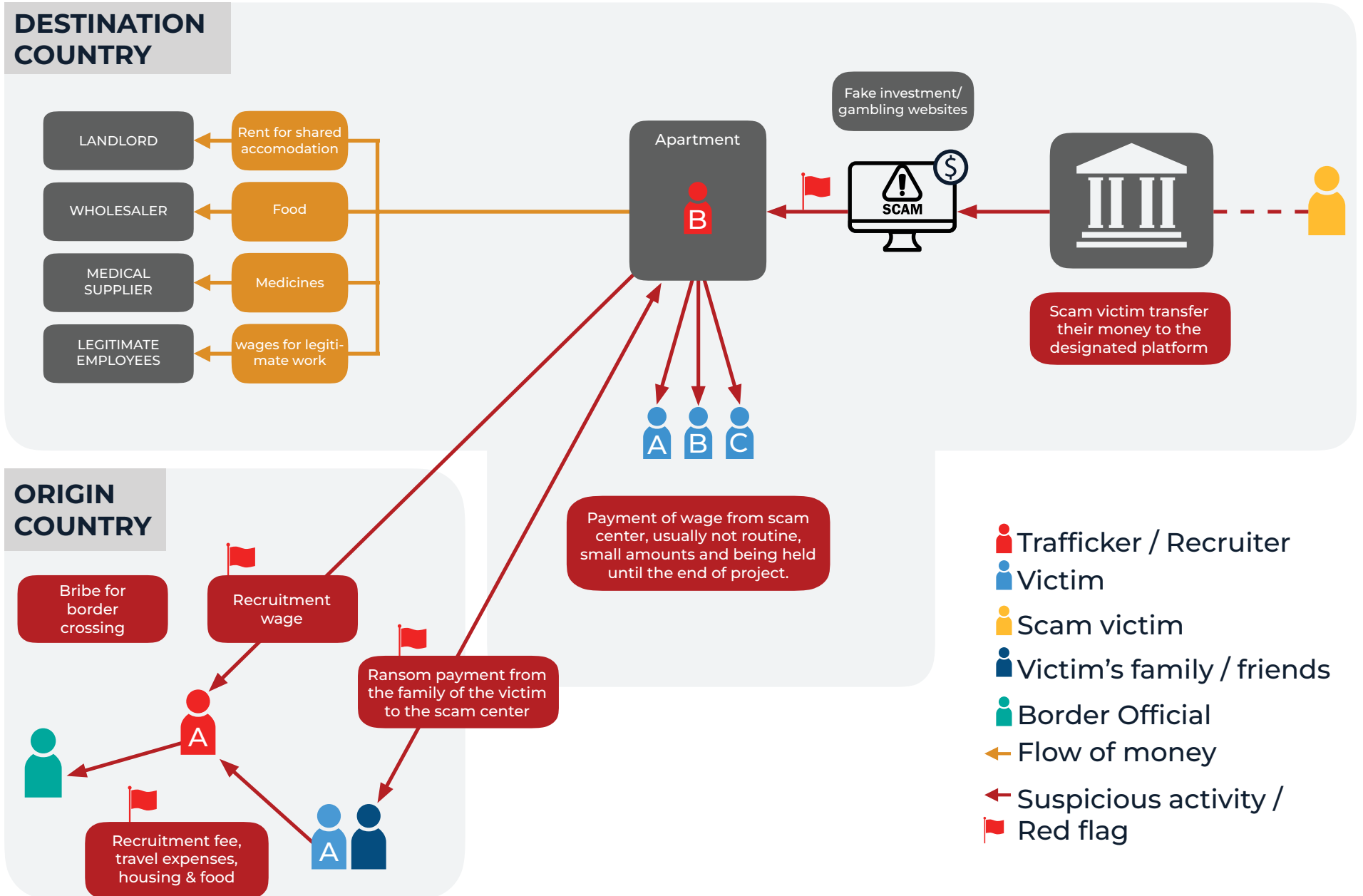
1. Individuals posing as recruitment agents in developing countries publish fake job advertisements mostly through social media & personal contact. The jobs are often said to be based in regional hubs such as Bangkok.
2. The victims are asked to pay a recruitment fees to cover visa, transport or training and/or the victim or the family is given advanced payment of salary that needs to be worked off.
3. Victims are transported, often to transit areas as promised in the fake job advertisement. Then from the transit area, the victims are forcibly smuggled to the final destinations.
4. After arrival, victims are locked in the compound, forced to do scams, working long hours and being tortured when they fail to fulfil targets. They only receive small or no pay, and often debts are imposed on them and their family.

Flow of People



Trafficker / Recruiter Victim Victim's family / friends Scam victim Suspicious activity / Red flag

The flow of money



KYC Red Flags Indicators

1. People

- Many individuals reside at the same address, which may act as a harbouring location.
- The business employs or is associated with high numbers of overseas individual recruiters or third-party recruitment agencies that lack legality.

Questions & Actions for Banks

- What is the declared activity of the recruiting agencies? Do they have all the legal documentation to perform the work?
- Are there multiple individuals living at the same address? If so, does this make sense?
- When customers come into a branch to handle banking matters, do they seem to be under duress?
- When a customer visits the branch, are they accompanied by another person who would seem to be holding control over them? Is there any physical sign of abuse?

2. Place

- The business is located at a high-risk area for gambling and modern slavery, e.g. the Golden Triangle SEZ, the Clark Free Port Zone.
- The business operates in the red flag areas of the city, particularly big warehouses where camps can be located.
- Compounds have a large number of technical equipment which does not match the business purpose.

Questions & Actions for Banks

- Has a site visit been carried out? Does the compound appear to be carrying out legitimate services as they claim?
- If a site visit is carried out, are there areas that are off-limits? Do employees show signs of fear or stress?

3. Transactions

- The business has a disproportionate budget for wages relative to its size, indicating that employees are being paid low wages.
- When the business declares it covers living costs or provides dormitories for the employees, the budget allocated for necessities such as medical expenses, food, and other essentials is also very low.
- Frequent and unusual transfers from investment sites, often involving digital currencies, may indicate proceeds from scams.

Questions & Actions for Banks

- Do the operational costs reflect the size of the accommodation and other operational expenses?
- Does the business make routine cross-border payments to recruiters overseas? Can these payments be justified and do these recruiters have an illicit reputation?
- Are there indications of cost cutting activity that seem to reduce labour costs below attainable levels?
- Are there frequent transactions using suspicious websites?
- Does the declared income correspond to the transactional activities?

Indicators Categories



Behavioural

B1: Victim's ID removed from possession.

B2: Signs of physical abuse on customers who come into a branch.

B3: Customer reads their personal details from a script/form.

B7: Business premises inaccessible.



Demographic

D3: Multiple accounts opened for different people using the same phone number and/or email address.

D5: Multiple retail accounts opened but control of the accounts is with the traffickers.

D6: Unusually high number of unrelated individuals residing at the same address.



Transactional

T1: Payments made to advertisers of illicit services.

T4: Payments made to/received from blacklisted recruitment agencies.

T5: Multiple payments for compound maintenance made.

T6: Frequent payments for travel-related expenses to/from high-risk countries.

T11: Unexplained payments to high-risk jurisdictions for modern slavery.

T14: Frequent payments made to top up online wallet accounts.

New Industries: Money Mules

Industry Overview

This typology is getting more attention in the media and with regulators. Money muling refers to the act of using individuals, often unknowingly, as intermediaries to transfer illicitly obtained funds between different bank accounts. It involves recruiting individuals, either through deception or coercion, to receive and transfer funds on behalf of criminals.

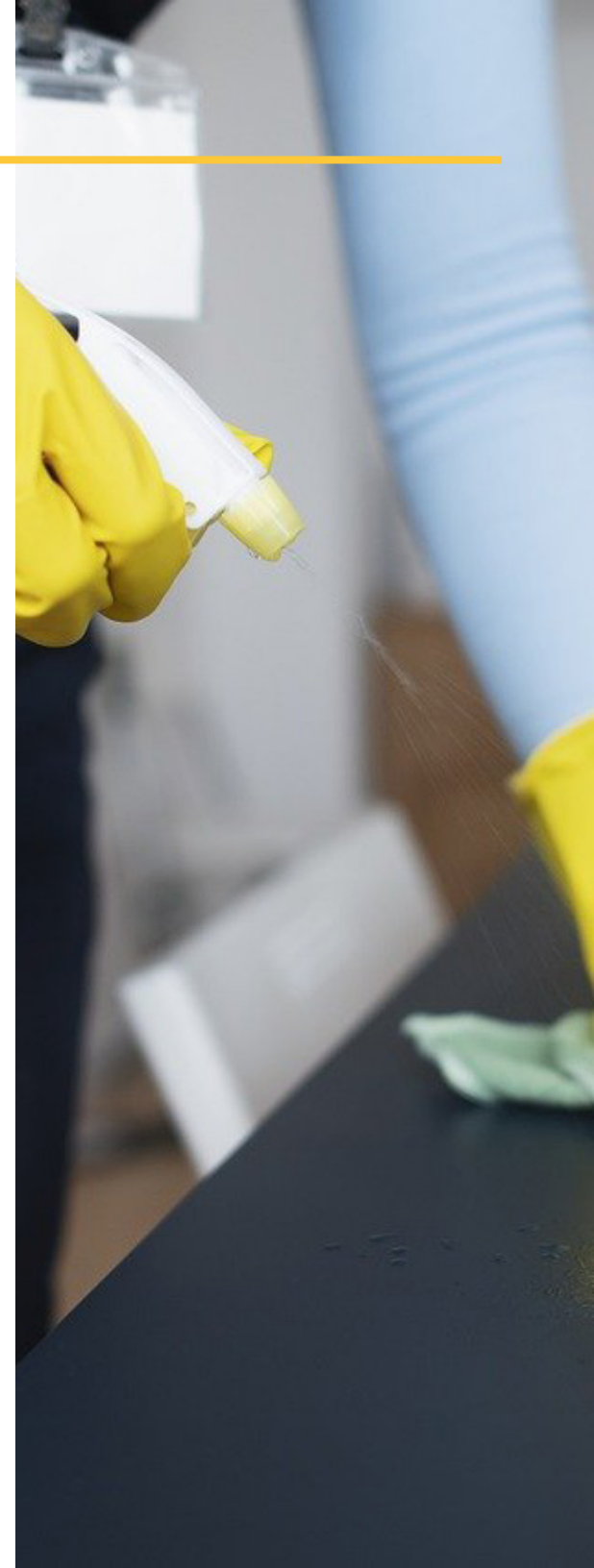
Money mules are usually recruited from the students, helpers and jobless and often presented with enticing opportunities, such as offers of easy money or promises of high-paying jobs. These individuals are usually unaware that they are partaking in illegal activities, making them vulnerable to exploitation.

Financial desperation, lack of awareness and education about the consequences, and manipulation by criminals are common factors. In some cases, people are in dire financial situations and are lured by the promise of quick cash rewards. Others may be unaware of the consequences and legal implications associated with their involvement. Criminals employ tactics of manipulation and coercion, exploiting the vulnerabilities of their victims to involve them in illicit financial activities.

Money mules face severe consequences for their involvement in illegal activities. When caught, they can be prosecuted and face significant legal penalties, including imprisonment and fines. Additionally, their involvement in money laundering schemes can harm their financial reputation, making it challenging to secure future loans or employment. Furthermore, money mules may suffer from emotional and psychological distress, realising they were unknowingly used to facilitate criminal activities.

Efforts are being made by authorities, financial institutions, and law enforcement agencies to combat money muling. These measures include public awareness campaigns to educate individuals about the risks and consequences of becoming money mules. The Hong Kong Association of Banks, with the support of the Hong Kong Monetary Authority and the Police, launched the Financial Intelligence Evaluation Sharing Tool (FINEST) in June 2023. This is a secure electronic platform allowing the five major retail banks to share information where there are indications of criminal activity.

Financial institutions and payment service providers need to continue stricter security measures and monitor transactions for suspicious activities. Collaboration between law enforcement agencies across borders is crucial to disrupt criminal networks involved in money muling. It is essential to increase awareness about the risks and consequences associated with money muling, while also providing support and resources to those who may fall victim to exploitation.





Case Study

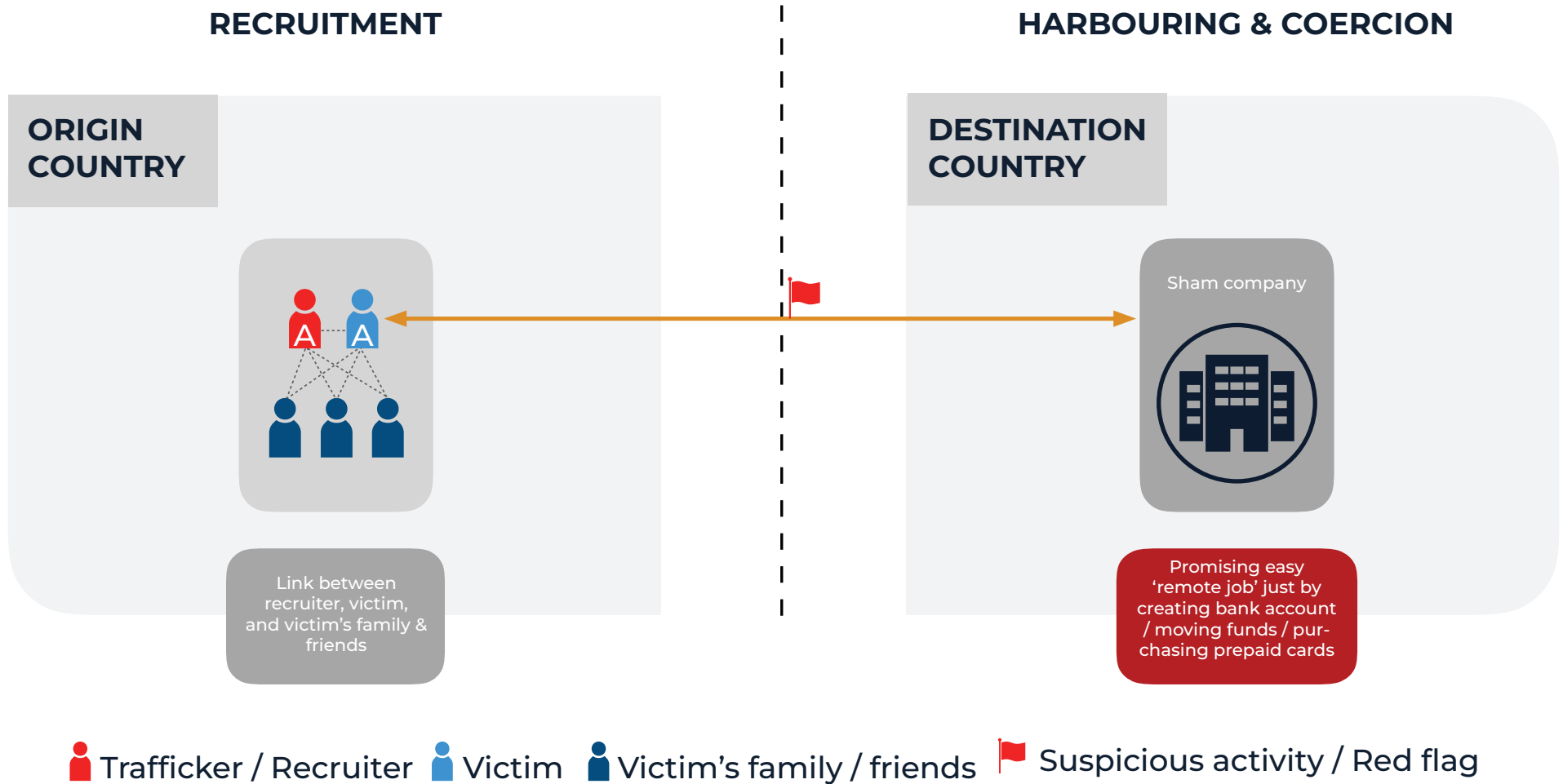
Criminals recruit money mules to help launder funds obtained through online scams, fraud, or illicit activities such as human trafficking and modern slavery. The involvement of money mules introduces additional layers of separation between the criminals and their victims, posing a challenge for law enforcement in accurately tracing the flow of money. Money mules can move funds in various ways, including through bank accounts, cashier's checks, virtual currency, prepaid debit cards, or money service businesses.

The Flow

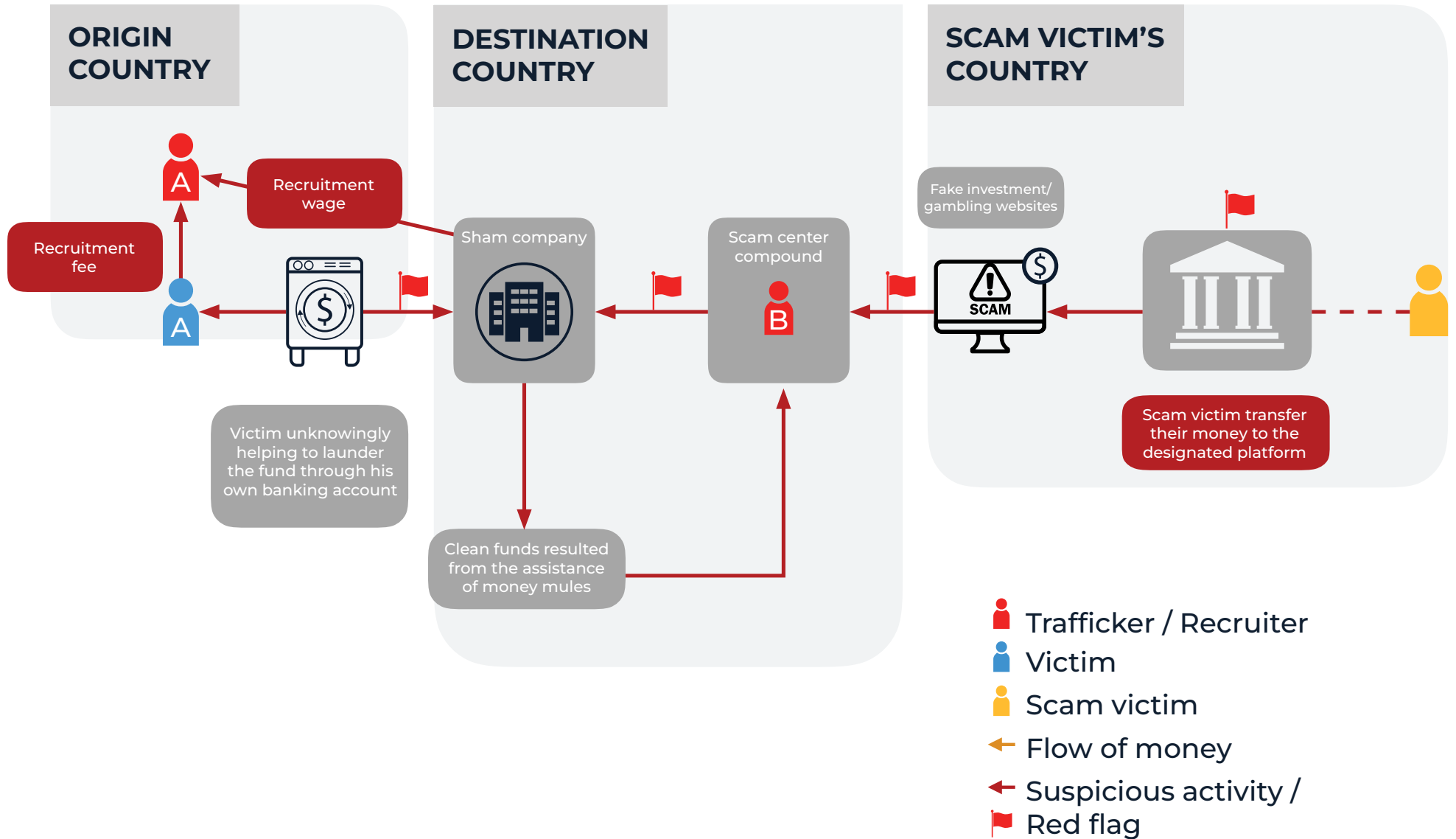
A sham company is formed by the criminals with the sole objective of laundering the proceeds obtained from human trafficking or the frauds carried out by the scam labour camps. An innocent person can be recruited through an unsolicited email or social media message that promises easy money for little or no effort. This 'employee' is then asked to open a bank account in their own name or in the name of a company they formed to receive and transfer money.

As an employee, they are asked to receive funds in their bank account and then 'process' or 'transfer' funds via wire transfer, virtual currency, money service business, or through any designated online transaction platform. As an 'employee,' they are allowed to keep a portion of the money or given a commission after completing the transactions. Without knowing, the 'employee' has helped launder the proceeds of fraud and modern slavery.

Flow of People



Flow of Money



KYC Red Flags Indicators

1. People

- Students, helpers and unemployed using their accounts to launder money for suspicious businesses.
- The business employs or is associated with high numbers of overseas individual recruiters or third-party recruitment agencies that lack legality.

Questions & Actions for Banks

- What is the declared activity of the recruiting agencies? Do they have all the legal documentation to perform the work?
- When customers come into a branch to handle banking matters, do they seem to be under duress?
- When a customer visits the branch, are they accompanied by another person who would seem to be holding control over them? Is there any physical sign of abuse?

2. Place

- The business is located in a high-risk area that allows the establishment of shell companies
- Lack of clarity of business address, i.e. using private residential address, co-working space or virtual office address.

Questions & Actions for Banks

- Is the trading address a private residence rather than an office in a recognised business area? Is the address a mail drop (e.g., mailboxes, PO box, etc.) as opposed to a street address?
- Does the IP address verification match the geolocation?

3. Transactions

- Frequent and unusual transfers from investment sites, often involving digital currencies, may indicate proceeds from scams.
- Frequent and unusual cross-border transactions using students, helpers and unemployed accounts.
- Transaction activities do not commensurate with the customer's job.

Questions & Actions for Banks

- Does the business make routine cross-border payments to recruiters overseas? Can these payments be justified and do these recruiters have an illicit reputation?
- Are there frequent transactions using suspicious websites?
- Does the declared income correspond to the transactional activities?
- Are there frequent and unusual cross-border transactions that do not commensurate with the customer's declared job.

Indicators Categories



Behavioural

B1: Victim's ID removed from possession.

B3: Customer reads their personal details from a script/form.

B9: Inconsistencies in cheques/forms.



Demographic

D3: Multiple accounts opened for different people using the same phone number and/or email address.

D5: Multiple retail accounts opened but control of the accounts is with the traffickers.



Transactional

T1: Payments made to advertisers of illicit services.

T3: Income of the personal account owner is significantly higher than expected.

T4: Payments made to/received from blacklisted recruitment agencies.

T11: Unexplained payments to high-risk jurisdictions for modern slavery.

T14: Frequent payments made to top up online wallet accounts

New Industries: Child Sexual Exploitation

Industry Overview

Child sexual exploitation (CSE) is a grave violation of children's rights and a significant concern for societies worldwide. It refers to any act that involves the use of children for sexual purposes, which includes child pornography, prostitution, grooming, and online exploitation.

To effectively prevent CSE, it is crucial to understand the underlying factors that contribute to its occurrence. These factors may include poverty, social inequality, lack of education, cultural norms, inadequate parenting, and online connectivity. Children from disadvantaged backgrounds are particularly vulnerable due to the increased risk of exploitation and limited access to resources and support. Additionally, technological advancements have provided perpetrators with new avenues to target and exploit children through online media.

Financial service regulators and players need to continue to implement stricter security measures and monitor transactions for suspicious activities. Efforts made by authorities, financial institutions, and law enforcement agencies to combat CSE should include but are not limited to:

- **Education and Awareness:** Implementing age-appropriate, comprehensive, and inclusive sex education programs in schools can help empower children with knowledge about their rights, boundaries, and recognising inappropriate behaviour. It is equally essential to educate parents, teachers, and caregivers about the signs of CSE, prevention strategies, and how to address the issue sensitively.
- **Community Engagement:** Encouraging community involvement can create a protective environment for children. Community organisations, religious groups, and neighbourhood watch programs should collaborate with schools and law enforcement to raise awareness, organise workshops, and advocate for child protection policies. This collective effort can help foster a culture that prioritises child safety and supports victims of CSE.
- **Effective Legislation and Law Enforcement:** Governments must establish stringent laws and regulations to hold perpetrators accountable for their actions and deter potential offenders. This includes swift and thorough investigations, specialised training for law enforcement agencies, and cooperation with international agencies to combat cross-border child exploitation. Law enforcement should prioritise the identification and rescue of victims while providing them with appropriate support and rehabilitation.
- **Technology Solutions:** Collaborating with technology companies to develop and implement advanced tools to detect and prevent CSE is crucial. Using artificial intelligence, machine learning, and data analytics can help identify online grooming behaviour and track the circulation of child pornography. Internet service providers should take responsibility for removing and reporting illegal content promptly.





Support and Rehabilitation: Ensuring that comprehensive support services are available to survivors of CSE is vital for their recovery. This includes access to counselling, therapy, medical care, and educational opportunities. Governments, NGOs, and charitable organisations should collaborate to provide a network of support for victims and their families, aiding their reintegration into society.

Methods

Offenders employ diverse strategies to reach children and communities, establishing circumstances that facilitate isolation with the child to commit offences while eluding detection by authorities or vigilant community and family members. The tactics utilised differ based on the offender's profile, available time, and cultural context.

- **Online child abuse:** This method constitutes the majority of CSE offences. Offences in this field extend beyond the creation of such materials, but also include online and offline possession and distribution. Advancements in technology have facilitated the accessibility of live online child sexual abuse via various streaming platforms. Offenders have the option to pay to watch or actively participate by communicating with a facilitator or giving instructions to the victim.
- **Travelling to offend:** Offenders may travel to another country with conducive environmental and social factors, including poverty, lack of community awareness on CSE and common language. Typically, they can be classified into two main groups: those who directly approach children, such as street kids or those within communities, and those who utilise networks or establishments to reach them. Patterns suggest that foreign perpetrators utilise various modes of transportation, ranging from short group tours organised by unlicensed guides to extended stays. Reports have also highlighted instances where tour operators in certain countries have actively promoted prostitution as a significant aspect of their offerings. Additionally, certain local and foreign business practices include visits to establishments involved in sexual activities, particularly prevalent in East Asian nations, which can contribute to instances of CSE.
- **Grooming and sextortion:** Offenders are reaching out to children through messaging applications and social media platforms, and subsequently grooming or coercing them into sharing sexually explicit content. They often employ a fabricated profile, posing as a peer, and utilise romance scam tactics by giving affection, attention, and gifts to entice the victim. Later, if the victim fails to provide more explicit material or pay a predetermined sum in money, gift cards, or online gaming credit, the offender threatens to expose the material to the victim's friends and family.
- **Child-like sex dolls:** Child-like sex dolls are life-size dolls that are made to look like a pubescent or prepubescent child with an intention to be used to simulate sexual intercourse. The use of child-like sex dolls may lead to escalation in CSE and increase risk in objectification of children as sexual beings. Despite the risks associated with it, there is a lack of global legislation to prohibit the selling of child-like sex dolls. In February 2020, legislative changes in Australia made it an offence to possess a child-like sex doll, punishable by 15 years in prison.

Case Study

Child A is a five-year-old girl, living in a shed near the busy tourism area of the Philippines. Her dad works as a garbage collector, while her mom stays at home taking care of her and her two siblings: a newborn baby and a two-year-old boy. Child A should be in kindergarten, but due to her family's financial situation, she ended up begging on the street. One day, Child A and her mom were approached by Miss Y, 18 years old, who asked if their family needed support. Miss Y mentioned that her boyfriend, Mr. X, a 50-year-old from Australia, is willing to provide financial assistance for the family and cover Child A's education. The only requirement is that Child A has to stay with them so it is easier for them to take care of her. The family then decided to accept the offer.

The next day, Child A moved to Miss Y and Mr. X's house in a better neighbourhood with a bigger house. In the house, there were also some other kids living with the couple who had a similar background to Child A. The youngest child was 18 months old. Looking at their condition, Child A soon realised that her dream of having a better life was not going to come true in this house.

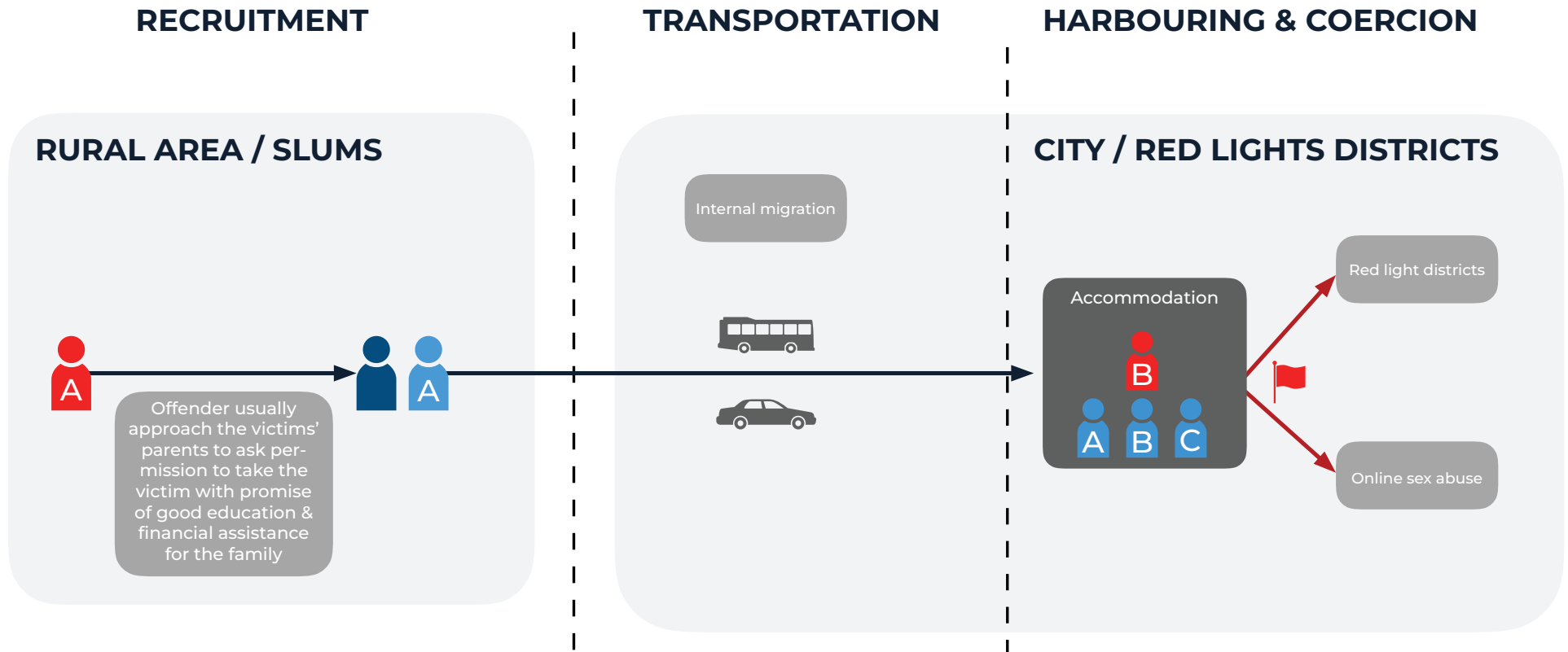
Instead of being admitted to school, Child A and the other kids were made to stay at home. Mr. X and Miss Y sexually abused them in front of the camera. They then sold the video on their website. Sometimes, the kids are forced to appear in a live streaming video in his website and/or in the other adult live streaming websites, where offenders from all over the world would pay to watch them, and give instructions to Mr. X and Miss Y to abuse them. From only one exploitation video, Mr. X earned tens of thousands of dollars that he received through money transfer from his international viewers.

While Child A and the other kids were suffering in the house, Mr. X regularly transferred a sum of money to the family from his account in Australia, to give an impression that Child A was in good hands and prevent the family from taking Child A back. One day, an international manhunt was launched to locate the victims in the video. Mr. X and Miss Y were found and arrested in the Philippines. The law enforcement identified more than a thousand IP addresses from Mr. X's hard drives that led to the arrest of offenders in other countries.

This case also led the Financial Authority in Australia to push financial institutions to evaluate their AML system to accommodate child exploitation risk. Some red flags were introduced, including regular small amount transactions to recipients in high-risk countries that have no family connection, and frequent travel to high-risk countries. A major fine was imposed on a non-compliant bank, who failed to implement an effective detection scenario that monitors red flags associated with child exploitation.



Flow of People



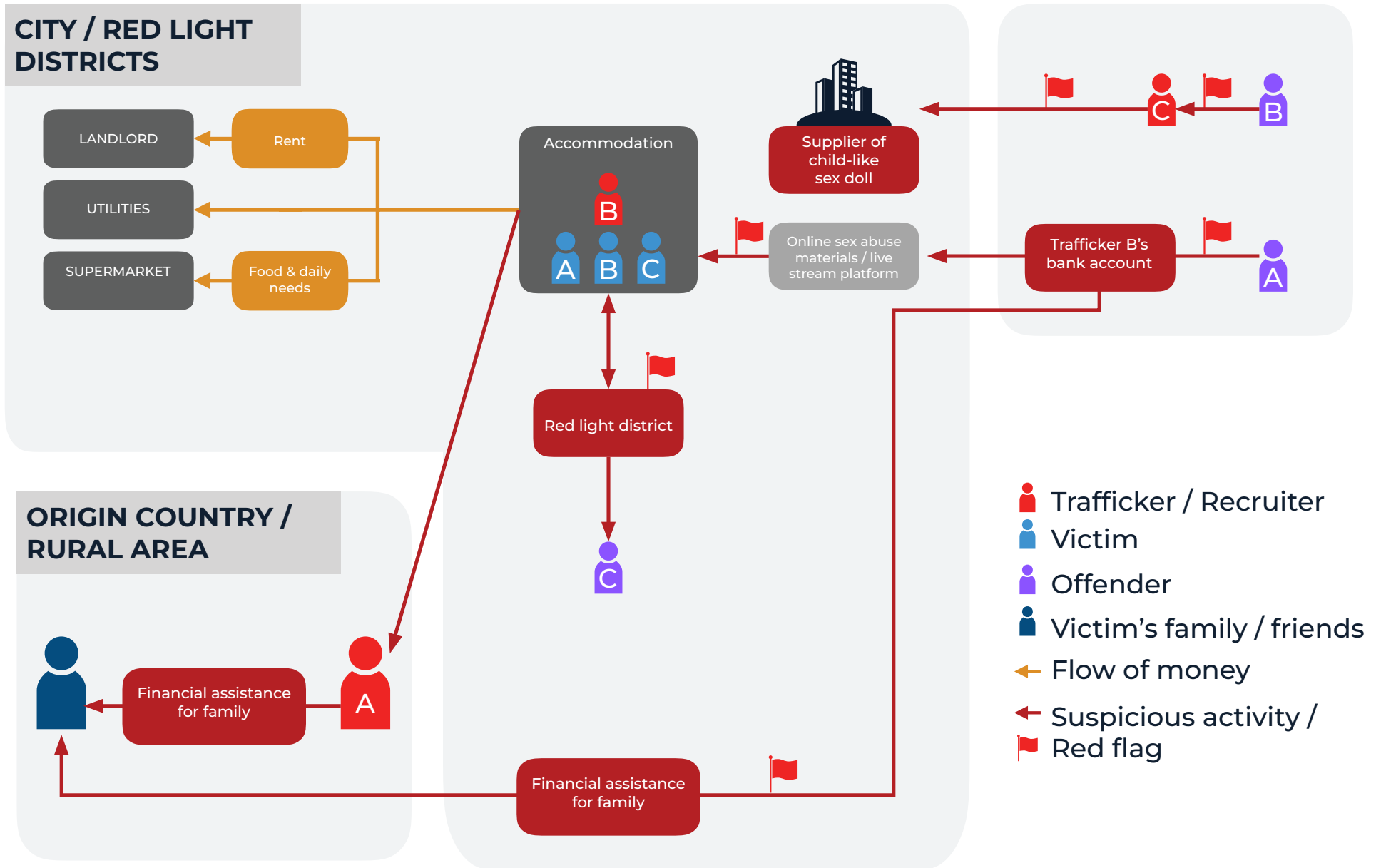
Trafficker / Facilitator

Victim

Victim's family / friends

Suspicious activity / Red flag

Flow of Money



KYC Red Flags Indicators

1. People

- Individual/business activities related to dating platforms, adult entertainment, video and live streaming platforms, sex toys.
- Individuals often travel to high-risk countries associated with child and sexual exploitation.

Questions & Actions for Banks

- Do the bank or financial institution have a clear understanding of the customer's business? Consider gathering additional application information, including detailed business plans, samples of merchandise and relevant marketing materials such as catalogues, brochures, telemarketing scripts, website screenshots, social media pages, and advertisements.
- What is the purpose of frequent travels to high-risk countries?
- Do the bank/FI have access to the Public Sex Offender Registry? Consider screening the customer against the registry.

2. Place

- The business is located in high-risk countries, especially in red-light districts.
- The trading address is a private residence rather than an office in a recognised business area.
- The address is a mail drop (e.g., mailboxes, PO box, etc.) as opposed to a street address.
- IP address verification does not match the geolocation.

Questions & Actions for Banks

- Has a site visit been carried out? Does the compound appear to be carrying out legitimate services as they claim?
- If a site visit is carried out, are there areas that are off-limits? Do employees show signs of fear or stress?
- Consider gathering additional information from the Internet, which could include URLs and IP addresses.
- Performing "Whols" or reverse "Whols" checks can provide valuable insight into ownership or registering agents of the site.

3. Transactions

- Prices quoted in a currency different from that of the merchant's location.
- Businesses or individuals often use payment processors that specialise in serving high-risk merchants such as those in the adult entertainment industry.
- Frequent payment to high-risk countries to parties that don't have family connection or lack of business justifications.
- Frequent payments to online wallet accounts, including convertible virtual currency (CVC), and peer-to-peer mobile applications.

Questions & Actions for Banks

- Are there frequent transactions using suspicious websites?
- Does the individual/business make routine cross-border payments to high-risk countries? Can these payments be justified?
- Does the declared income correspond to the transactional activities?
- Consider the use of anonymous merchant shopper programs to validate whether the merchant offers the products it has claimed it sells.

Indicators Categories



Behavioural

B5: Customer insists on using a PO box or equivalent rather than giving a residential address.

B7: Business premises inaccessible.

B8: Signs of commercial sexual activity, i.e. connection to adult entertainment platforms, sex toys producers.



Demographic

D1: Negative news hits related to key modern slavery terms, especially child exploitation.

D2: Phone number/email address associated with a customer is also found on escort/sex/adult service advertisements.

D8: Use of addresses in known red-light districts or buildings where commercial sex work is known to occur.



Transactional

T6: Frequent payments for travel-related expenses to/from high-risk countries.

T11: Unexplained payments to high-risk jurisdictions for modern slavery (especially to those who have no identified family connection, e.g. parents of victim, facilitator) with description related to 'family support', 'school fees', 'financial assistance', 'education', 'gift'. These sometimes include declared relationships like friend, boyfriend/girlfriend, sponsor.

T14: Frequent payments made to top up online wallet accounts.

T18: Purchases related to CSE.

Future Focus

Insufficient Focus From Governments and Regulators

It's disheartening to see that despite global efforts, modern slavery persists as a highly profitable crime. The discrepancy between the immense profits generated by traffickers and the relatively modest resources allocated to address human trafficking is alarming. According to the ILO, profits from slavery-related crimes amount to US\$150 billion yearly. Unfortunately, legitimate financial institutions are still used to launder funds generated from modern slavery.

This issue is acknowledged by global organisations. The UNODC's 17 Sustainable Development Goals established in 2015 include Target 8.7: "Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms."

While global organisations like the UNODC have set ambitious goals to eradicate forced labour and modern slavery, the actual funds allocated to anti-human trafficking programs fall far short of what is needed. So far the major foreign aid donors worldwide contributed approximately \$350 million to anti-human trafficking programs – a mere 0.23% of the resources amassed by traffickers. Astonishingly, the world's commitment to freeing slaves amounts to only what Americans spend on potato chips in 21 days.

The comparison between resources dedicated to addressing human trafficking and those allocated for other issues like the war on drugs or HIV/AIDS highlights a stark disparity in priorities. The US government dedicates approximately \$36 billion annually to combat HIV/AIDS both domestically and internationally. This translates to a daily spending of up to \$100 million. In stark contrast, the fight against human trafficking receives a fraction of the resources – approximately \$350 million globally each year. This equates to less than \$1 million per day, raising questions about the world's commitment to eradicating modern slavery.

Moreover, regulatory frameworks often lack sufficient emphasis on addressing modern slavery, with anti-money laundering requirements being generic and insufficient. Limited news coverage and varying levels of education in societies further contribute to the lack of awareness and action on this critical issue.



Impact of Covid-19, Wars and Natural Disasters

1. Define the Problem

The economic fallout has left many individuals in vulnerable positions. Job losses, reduced income, and increased poverty have created ideal conditions for exploitation. Desperate for income, individuals are more likely to accept exploitative job offers, leading to an increase in forced labour and human trafficking.

2. Disruption of Supply Chains

The disrupted global supply chains impact industries such as agriculture, manufacturing, and construction, where modern slavery is prevalent. Many migrant workers were stranded without employment or adequate support, making them highly susceptible to exploitation.

3. Movement Restrictions and Displacement

With travel restrictions, lockdown measures as well as displacement of refugees, victims of modern slavery found themselves trapped in exploitative situations and traffickers took advantage of these limitations to exert even more control over their victims.

4. Increased Exploitation Online

Many activities, including education, work, and social interactions, moved online. This created opportunities for perpetrators to exploit vulnerable individuals through the internet, including online grooming, sextortion, and the production and distribution of child sexual exploitation material.

5. Weakening of Government and NGO Responses

Governments and NGOs involved in combating modern slavery and supporting survivors are facing numerous challenges. Limited resources, diverted priorities, and overwhelmed healthcare systems have hindered their ability to respond effectively. Some governments and military armed groups and militias involved in conflicts may use forced labour and prisoners as war recruits.



Digital Wallets, Currencies and Cross-Border Payment

1. Digital Wallets

Digital wallet companies pose a risk of money laundering and other crimes, largely due to the anonymity inherent in online financial services. Additionally, factors such as the rapidity of transactions and the absence of robust regulations from both domestic and international authorities exacerbate these risks. Unlike traditional banking systems, digital wallets can operate globally, making it harder for authorities to track and regulate the movement of funds associated with modern slavery.

1. Digital Assets/Currencies

DACs which operate based on smart contracts and blockchain technology, have also been utilised for money laundering. These entities can be used to create complex, decentralised financial structures that obfuscate the flow of funds, making it challenging for authorities to identify and disrupt illicit financial activities. The combination of digital wallets and DACs can create a labyrinthine network of transactions, making it challenging for law enforcement agencies to effectively track and prevent money laundering activities. As a result, it is crucial for regulatory bodies to keep pace with technological advancements and implement robust measures to combat money laundering in the digital realm.

2. Cross-Border Payments

Cross-border payment controls are vital in combating money laundering, a key contributor to modern slavery. Governments can disrupt human traffickers' financial networks and reduce modern slavery's profitability by implementing effective measures to prevent illicit financial flows. These controls also empower financial institutions to detect and prevent the movement of illicit funds across borders. Robust monitoring systems like KYC and AML regulations mandate institutions to verify customer identities and report suspicious transactions, enhancing the likelihood of identifying and disrupting financial flows associated with modern slavery. Implementing effective cross-border payment controls not only fights money laundering but also bolsters the financial system's integrity overall. Governments, by ensuring financial institutions comply with AML regulations, enhance the transparency and trustworthiness of the financial sector. This can attract legitimate investors and prevent the infiltration of illicit funds that could support criminal activities such as modern slavery.



How Businesses Can Address Modern Slavery

- 1. Volunteering**

As practitioners, volunteers from banks can help supplement our project and work on typologies that we can then distribute to wider industry globally.
- 2. Collaborate with Industry Partners to Raise Awareness**

Banks should more actively engage in partnerships and initiatives with other financial institutions, industry associations, NGOs like The Mekong Club and relevant stakeholders to share best practices, exchange information, and develop effective strategies to combat modern slavery collectively.
- 3. Support Transparency and Traceability**

Banks should encourage their customers, especially businesses operating in high-risk sectors, to adopt transparent practices and support initiatives that aim to eradicate modern slavery from the supply chain.
- 4. Advocate for Legislative and Policy Changes**

Banks have a unique position to influence legislative and policy changes that strengthen frameworks against modern slavery which are insufficient currently. This includes sharing intelligence on emerging risks and engaging in joint initiatives to tackle systemic challenges associated with modern slavery.
- 5. Continue to Enhance CDD/KYC and Efficient Reporting**

While banks have internal systems to detect and report suspicious transactions, there's a need for more comprehensive processes, especially in high-risk sectors prone to modern slavery. Sometimes, suspicious activities related to modern slavery are misreported or overlooked due to various factors like insufficient training or gaps in understanding.



1. APBA white paper - Indicator Categories



There are a range of ways in which financial service professionals can identify possible modern slavery activity, which cover behavioural information, demographic information and transactional activity. The applicability of these indicators to individuals and/or departments within each institution will depend upon their access to the relevant information. For example, certain indicators may be visible to branch staff, but inaccessible to those in compliance departments, whereas other indicators require access to the transaction profile of the client to be identified. Furthermore, certain indicators require a human element of judgement whereas others can be operationalised into the transactions monitoring systems of financial institutions. Indicators that are deemed the strongest by the Alliance in detecting possible human trafficking as standalone indicators are identified with the 'key indicator' label.

In addition to the more specific 'modern slavery indicators' outlined in the body of this paper, there are a number of indicators that are more generic to money laundering concerns, of which modern slavery may be the predicate crime. These are outlined in Appendix 1. Certain industries have a higher prevalence of modern slavery activity. This risk must be considered at all levels of financial service provision, including decisions being made by investment banks, as well as customer onboarding at the retail and commercial levels. The APBA has identified a list of industries and countries that are known to have a higher risk, and provided explanations for the nature of each, along with resources to support this.

Category 1: Behavioural Indicators

These indicators may be witnessed by front-line staff such as those working in branches, or relationship managers who visit their clients. These are the physical and visual manifestations of modern slavery that may be identified directly by those staff interacting with customers. It is recommended that these indicators be incorporated into training given to all front-line staff, and any individuals in the institution who may find themselves in direct contact with customers.

Category 1: Demographic Indicators

These indicators relate to information that is collected about who the customer is (or claims to be) and the nature of their income and/or business activities. This also includes information on the parties connected to the customers. Financial institutions hold vast amounts of data regarding customers' identification, addresses and businesses, and can screen customers against known past criminal activity. In applying demographic indicators, financial institutions can use this data to identify possible risk groups.

Category 1: Transactional Indicators

These indicators help to identify suspicious transactions and transaction patterns, using the millions of transaction records generated each day. These indicators may be operationalised in varying ways depending on the nature of the financial institution, the resources available and the nature of the indicator. Some may be built into institutions' systems, to generate automatic flags or alerts for further investigation. Others may be better identified through human judgement, to consider whether a transaction profile is in line with the expected activity of the customer.



Behavioural Indicators

Indicator Reference	B1
Description	Customer does not have control/ possession of their own ID
Account Type	Commercial/Retail
Explanation	Confiscation of identity documents is common in modern slavery situations. The customer may be accompanied by another individual who carries their ID documentation for them and does not allow them to hold their own documentation when passed back.
Classification	KEY INDICATOR Trafficker Identification

Indicator Reference	B2
Description	Signs of physical abuse
Account Type	Commercial/Retail
Explanation	Violence is often used to keep the victim under the traffickers' control and to punish escape attempts or insubordination. The customer may have physical signs of attack on their body such as scars and bruising, be carrying other injuries, or appear malnourished.
Classification	Victim Identification

Indicator Reference	B3
Description	Customer reads their personal details from a script/form
Account Type	Commercial/Retail
Explanation	The customer may have been ordered to use false information when opening the account and may be using illegal or false identification documents. Therefore, they may be unfamiliar with basic personal information such as address and phone number.
Classification	Victim Identification

Indicator Reference	B4
Description	Customer makes statements alluding to criminal activity
Account Type	Commercial/Retail
Explanation	The customer states during conversation that they are subject to criminal investigation, that they wish to conceal funds from investigation, or that they would like to circumvent financial crime risk controls. Or the customer states that they are being coerced or threatened.
Classification	Trafficker identification/ money laundering

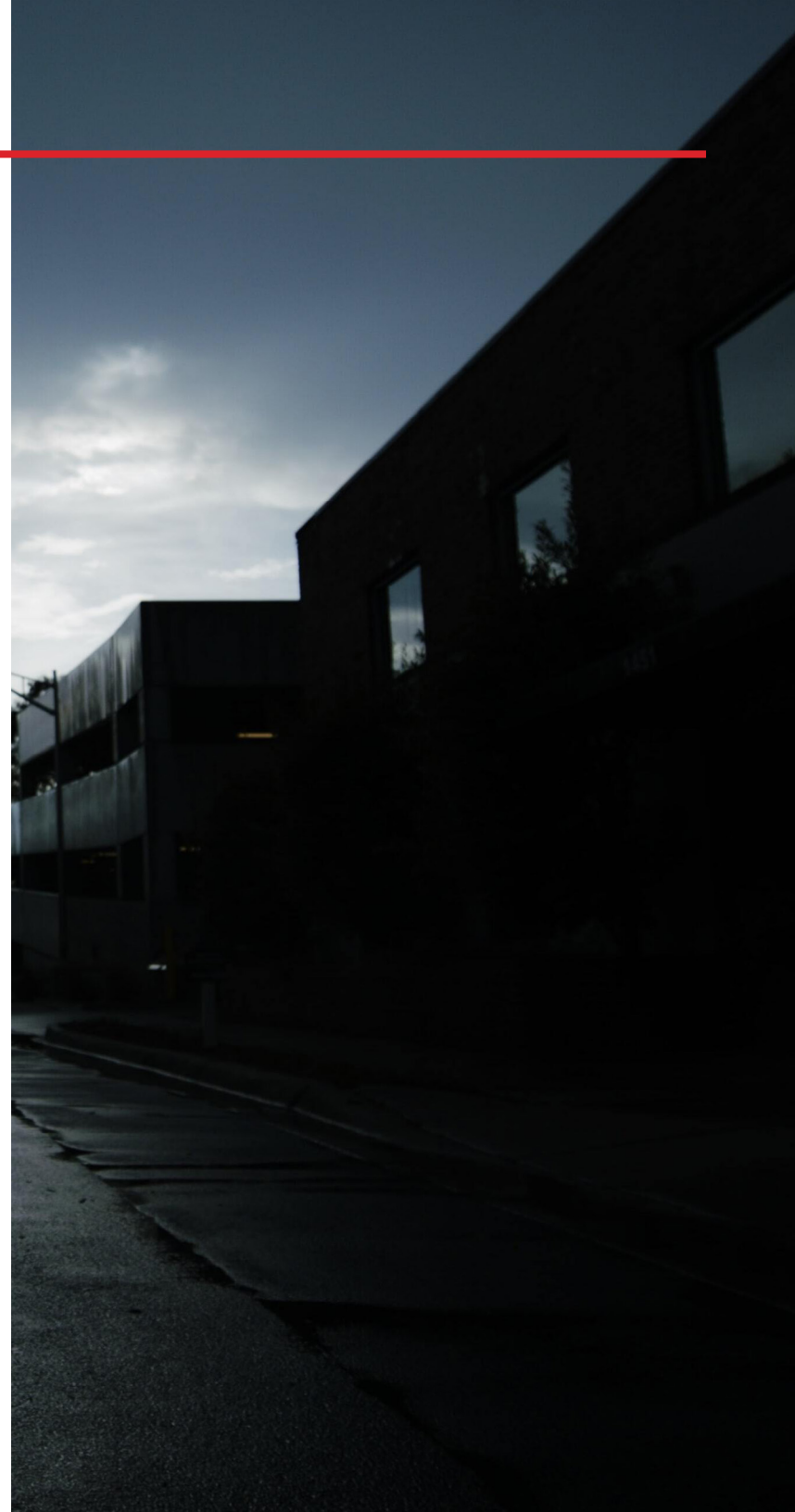
Indicator Reference	B5
Description	Customer insists on using PO Box or equivalent rather than giving a residential address
Account Type	Commercial/Retail
Explanation	PO Box addresses may be used to prevent law enforcement from tracking down the true address of the customer.
Classification	Trafficker identification/ money laundering

Indicator Reference	B6
Description	Repeated difficulty in contacting the customer
Account Type	Commercial/Retail
Explanation	The customer may have given false phone and/or address information to avoid detection of illicit activity or may be ignoring calls/letter to avoid answering challenging questions.
Classification	Victim identification/ trafficker identification

Indicator Reference	B7
Description	Business premises inaccessible
Account Type	Commercial
Explanation	During site visits, there are areas of the premises that are inexplicably closed off or inaccessible. There may be signs of security measures to keep people inside the building. The customer may repeatedly attempt to dissuade a visit to the premises to see the nature of business or conditions within.
Classification	Victim identification/ trafficker identification

Indicator Reference	B8
Description	Physical signs of commercial sexual activity
Account Type	Commercial
Explanation	Signs that the premises may be used for sexual activity include advertisements for 'spa' or 'massage' treatments (if outside of expected businesses nature), unusually high numbers of staff considering the business nature (especially female staff from high-risk countries) who are prevented from speaking to official visitors directly.
Classification	Victim identification/ trafficker identification

Indicator Reference	B9
Description	Inconsistencies in cheques/ forms
Account Type	Commercial/Retail
Explanation	Signs that cheques and/or forms have been pre-filled by another person, or by multiple people, such as varying handwriting. This suggests that the account is under the control of someone else.
Classification	Victim identification/ Trafficker identification/ money laundering





Demographic Indicators

Indicator Reference	D1
Description	Negative news hits related to key modern slavery terms
Account Type	Commercial/Retail
Explanation	<p>Negative news hits related to the customer and/or parties connected the account. Recommended search terms that are general to modern slavery include:</p> <ul style="list-style-type: none"> - Human trafficking - Sex trafficking - People trafficking - Traffick (covering trafficking/trafficker/trafficked) - Labour trafficking/labor trafficking - Child trafficking - Child sex trafficking - Child pornography - Child exploitation - Slave - Slavery - Modern slavery - Sexual exploitation - Forced labour/labor - Bonded labour/labor - Commercial sex - Forced pornography - Prostitution - Pimp/pimping - Indentured labour/labor <p>It is also recommended that search items include high risk industries and/or country combinations</p>
Classification	KEY INDICATOR Trafficker Identification

Indicator Reference	D2
Description	Phone number / email address associated with a customer is also found on escort/ sex/ adult service advertisements
Account Type	Commercial/Retail
Explanation	This suggests that the customer is engaged in commercial sexual activity, a cause for concern for forced commercial sex work.
Classification	KEY INDICATOR Victim identification/ trafficker identification

Indicator Reference	D3
Description	Multiple accounts opened for different people using the same phone number and/or email address
Account Type	Commercial/Retail
Explanation	Indicates that many accounts are under an individual's control.
Classification	KEY INDICATOR Victim identification/ trafficker Identification/ money laundering

Indicator Reference	D4
Description	One person acts as custodian for multiple retail accounts
Account Type	Retail
Explanation	A trafficker may retain control over many victims' accounts to control incoming funds, possibly also using the accounts to launder money.
Classification	Victim identification/ trafficker Identification/ money laundering

Indicator Reference	D5
Description	One owner/director has control over multiple business accounts
Account Type	Commercial
Explanation	A trafficker may use multiple business accounts as a means through which to launder proceeds. They may, therefore, be found to be the ultimate beneficiary of multiple entities.
Classification	Trafficker Identification/ money laundering

Indicator Reference	D6
Description	Unusually high number of unrelated individuals residing at the same address
Account Type	Retail
Explanation	Often traffickers will harbour many victims in one household, so multiple accounts may be registered in the banking system with the same address. These will often be individuals who are unrelated and they may be from high-risk jurisdictions.
Classification	Victim identification

Indicator Reference	D7
Description	Account owners unaware of the account activity undertaken
Account Type	Commercial/Retail
Explanation	The customer may not understand or be aware of how their account is being used, as they do not have control over the account activity, so will be unable to answer simple questions about the account conduct and/or business activities supposedly undertaken.
Classification	Victim identification/ trafficker identification/ money laundering

Indicator Reference	D8
Description	Use of addresses in known red-light districts or buildings where commercial sex work is known to occur
Account Type	Commercial/Retail
Explanation	While there may be a legitimate reason for being in such a location, this suggests that the customer is higher risk for being engaged in commercial sexual activity, a cause for concern for sex trafficking and should be assessed alongside industry type and other risk factors.
Classification	Victim identification/ trafficker identification





Transactional Indicators

Indicator Reference	T1
Description	Payments made to advertisers of illicit services
Account Type	Commercial/Retail
Explanation	Often traffickers will advertise their victims online through websites specialising in illicit activities such as commercial sex work. There are many known examples and they will vary country by country.
Classification	KEY INDICATOR Victim identification/ trafficker identification

Indicator Reference	T2
Description	Credit turnovers and/or profits that are unusually high
Account Type	Commercial/Retail
Explanation	In identifying outliers to the unusual industry standard, particularly those high-risk industries for modern slavery, it is possible to narrow down those businesses taking in the most income. Secondary level analysis can then be conducted to analyse whether this high income can be explained, or whether it could be an indicator that money is being generated from activity outside of the usual business nature.
Classification	Trafficker identification/ money laundering

Indicator Reference	T3
Description	Income of the personal account owner is significantly higher than expected
Account Type	Retail
Explanation	The funds deposited into the account may be unusually high considering what is known about the customer's background and/or salary. This could suggest that the owner of the account is laundering illegitimate funds or is receiving income for illicit activities.
Classification	Trafficker identification/ money laundering

Indicator Reference	T4
Description	Payments made to/received from blacklisted recruitment agencies
Account Type	Commercial/Retail
Explanation	Often, illicit recruitment agencies act as middle-men in trafficking situations, receiving fees for sourcing cheap labour, as well as charging recruitment fees to workers.
Classification	Trafficker identification/ money laundering

Indicator Reference	T5
Description	Expenditure on multiple hotel rooms in different hotels on the same night
Account Type	Commercial/Retail
Explanation	This indicates possible use of hotels for commercial sex, as paying for multiple hotels suggests that they are not for personal use. Additionally, hotel rooms may be used by traffickers when transporting people from one location to another.
Classification	Victim identification/ trafficker identification

Indicator Reference	T6
Description	Frequent payments for travel related expenses to/from high-risk countries
Account Type	Commercial/Retail
Explanation	Outside of expected account activity, frequent flight purchases to/from high-risk destinations could indicate that people are being transported. The countries visited may be indicated by the use of country-specific airlines. A focus should be placed on frequency in this indicator, and whether frequent flights are inconsistent with the expected account activity. Travel may also be identified by charges for visas or immigration costs, internet travel websites, airport parking, bus tickets, taxi or ride sharing services.
Classification	Victim identification/ trafficker identification

Indicator Reference	T7
Description	Cash deposits that are unusually high
Account Type	Commercial/Retail
Explanation	Normal cash deposit levels will vary by country/industry/business nature. Unusually high cash deposits should be accompanied by sufficient explanation as to the source of the funds, to ensure that the cash has not been generated from illicit activity.
Classification	Victim identification/ trafficker identification/ money laundering

Indicator Reference	T8
Description	Cash deposits made outside usual industry business hours
Account Type	Commercial
Explanation	Depositing cash at hours that are outside expected operating hours may suggest an attempt to evade detection and may indicate activity that is taking place outside of the declared business nature. Usual business hours will vary by location and industry type; for example, a nail salon depositing funds at 2am may be considered unusual in some countries.
Classification	Victim identification/ trafficker identification/ money laundering

Indicator Reference	T9
Description	Rapid transfer of funds through accounts
Account Type	Commercial/Retail
Explanation	Funds entering and leaving an account in quick succession could suggest that the account is being used for laundering funds. It may also suggest that the account owner is not being permitted to retain their income. Some examples include: - Cash deposits followed by immediate transfer to another account/ cheque issuance/bank drafts - Round transfers of funds between two accounts - Same-amount transfers into out of an account
Classification	Victim identification/ trafficker identification/ money laundering

Indicator Reference	T10
Description	Multiple cash deposits that are just below the reporting threshold
Account Type	Commercial/Retail
Explanation	Otherwise referred to as 'structuring', this demonstrates possible attempts to evade cash reporting controls.
Classification	Victim identification/ trafficker identification/ money laundering

Indicator Reference	T11
Description	Unexplained payments to high-risk jurisdictions for modern slavery
Account Type	Commercial/Retail
Explanation	Please refer to page 35 for country risk information related to modern slavery
Classification	Victim identification/ trafficker identification

Indicator Reference	T12
Description	Cash deposits made at multiple locations
Account Type	Commercial/Retail
Explanation	This refers to cash deposits made at multiple locations that are not in line with usual activity; for example, where customer has one business location and is making deposits at many different locations across the city/country with no clear explanation.
Classification	Victim identification/ trafficker identification

Indicator Reference	T13
Description	High volume of credit card authorisations for accommodation/vehicles with no subsequent charge, suggesting payment was made in cash
Account Type	Commercial/Retail
Explanation	This suggests that the person making the transaction may wish to avoid detection. This tactic may be used by traffickers who are involved in moving victims between locations.
Classification	Victim identification/ trafficker identification/ money laundering

Indicator Reference	T14
Description	Frequent payments made to top up online wallet accounts
Account Type	Commercial/Retail
Explanation	Online wallets are often used to add a layer of secrecy to illicit online transactions, such as the purchase of cryptocurrencies to obtain illicit online materials. In some cases, cryptocurrencies are used in order to avoid detection of illicit online activity. When converting fiat to cryptocurrency, online crypto exchanges are used, and this can be identified by transactions monitoring.
Classification	Victim identification/ trafficker identification/ money laundering

Indicator Reference	T15
Description	Living expenses that suggest sustenance of many individuals
Account Type	Commercial/Retail
Explanation	Such expenses may include high value or volume charges for bulk food purchase, clothing, or medical services that suggest that the account is being used for the living costs of many individuals.
Classification	Trafficker identification

Indicator Reference	T16
Description	High frequency of beauty related payments that do not relate to the nature of business/ expected account activity
Account Type	Commercial
Explanation	Relates to high volume/value transactions that may suggest that the account is being used for the living expenses of women for commercial sexual purposes, with high-frequency of purchases at: <ul style="list-style-type: none"> - Pharmacies - Women's clothing/ footwear/ lingerie stores - Hair and nail salons These expenses should be considered within the expected nature of the account/ business.
Classification	Trafficker identification

Indicator Reference	T17
Description	A single client depositing multiple cheques for the prevailing monthly minimum domestic worker age
Account Type	Commercial/Retail
Explanation	Refers to cases whereby the employer of a domestic helper is instructed to pay the agency of the worker, rather than the worker themselves. This gives the agency financial control over the worker such as wage deductions, and is illegal in many jurisdictions.
Classification	Trafficker identification

Indicator Reference	T18
Description	Purchase related to Child Sexual Exploitation
Account Type	Commercial/Retail
Explanation	Refers to purchases on webcam or live streaming platforms, including those providing adult entertainment or dating platforms, purchases on online gaming platforms or gaming stores; purchases of spyware applications; payments are primarily made to sex doll suppliers located in China, Hong Kong, Japan or Singapore; payments directly to manufacturers or online marketplaces, along with a doll purchase; purchasing associated items including children's clothing or school uniforms, underwear, wigs, accessories/toys, computer equipment, sex toys, herbal sex supplements, heating sticks and payments to virtual reality software companies.
Classification	Trafficker identification

Applicability Matrix

Ref	Victim Identifier	Trafficker Identifier	Money Laundering	Key Identifier	Description
B1	✓			✓	Customer does not have control/ possession of their own ID
B2	✓				Signs of physical abuse
B3	✓				Customer reads their personal details from a script/form
B4		✓	✓		Customer makes statements alluding to illegal activity
B5		✓	✓		Customer insists on using PO box rather than residential address
B6	✓	✓			Repeated difficulty in contacting the customer
B7	✓	✓			Business premises inaccessible
B8	✓	✓			Physical signs of commercial sexual activity
B9	✓	✓	✓		Inconsistencies in cheques and forms

Ref	Victim Identifier	Trafficker Identifier	Money Laundering	Key Identifier	Description
D1		✓		✓	Negative news hits related to key modern slavery terms
D2	✓	✓		✓	Phone number / email address associated with a customer is also found on escort/ sex/ adult service advertisements
D3	✓	✓	✓	✓	Multiple accounts opened for different people using the same phone number and/or email address
D4	✓	✓	✓		One person acts as custodian for multiple retail accounts
D5		✓	✓		One owner/director has control over multiple business accounts
D6	✓				Unusually high number of unrelated individuals residing at the same address
D7	✓	✓	✓		Account owners unaware of the account activity undertaken
D8	✓	✓			Use of addresses in known red-light districts or buildings where commercial sex work is known to occur

Ref	Victim Identifier	Trafficker Identifier	Money Laundering	Key Identifier	Description
T1	✓	✓		✓	Payments made to advertisers of illicit services
T2		✓	✓		Credit turnover and/or profits that are unusually high considering their industry standard advertisements
T3		✓	✓		Income of the personal account owner is significantly higher than expected
T4	✓	✓			Payments made to/received from blacklisted recruitment agencies
T5	✓	✓			Expenditure on multiple hotel rooms in different hotels on the same night
T6	✓	✓			Frequent payments for travel related expenses to/from high risk countries
T7	✓	✓	✓		Cash deposits that are unusually high
T8	✓	✓	✓		Cash deposits made outside usual industry business hours
T9	✓	✓	✓		Rapid transfer of funds through accounts
T10	✓	✓	✓		Multiple cash deposits that are just below the reporting threshold
T11	✓	✓			Unexplained payments to high-risk jurisdictions for modern slavery
T12	✓	✓	✓		Cash deposits made at multiple locations
T13	✓	✓	✓		High volume of credit card authorisations for accommodation/ vehicles with no subsequent charge, suggesting payment was made in cash
T14	✓	✓	✓		Frequent payments made to top up online wallet accounts
T15		✓			Living expenses that suggest sustenance of many individuals
T16		✓			High frequency of beauty related payments that do not relate to the nature of business/ expected account activity
T17		✓			A single client depositing multiple cheques for the prevailing monthly minimum domestic worker age
T18		✓			Purchases related to Child Sexual Exploitation

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