

Combating Human Trafficking & Modern Slavery

Correspondent Banking Academy

What Will You Learn?

Define human trafficking, human smuggling, and modern slavery

TRAFFICKING

Understand the global scale and characteristics of human trafficking

Understand the role of financial institutions in combating human trafficking and **Recognize** red flags

What is human trafficking and modern slavery?



40.3 million people
are human slaves

89 million people
experienced some form of
slavery within the past 5
years



Human Trafficking is a
silent crime, and money
laundering its **silent**
partner

3 ELEMENTS OF HUMAN TRAFFICKING

Traffickers undertake action using means for the purpose of exploiting people



Action

Recruiting, transporting, transferring, or harbouring of people



Means

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

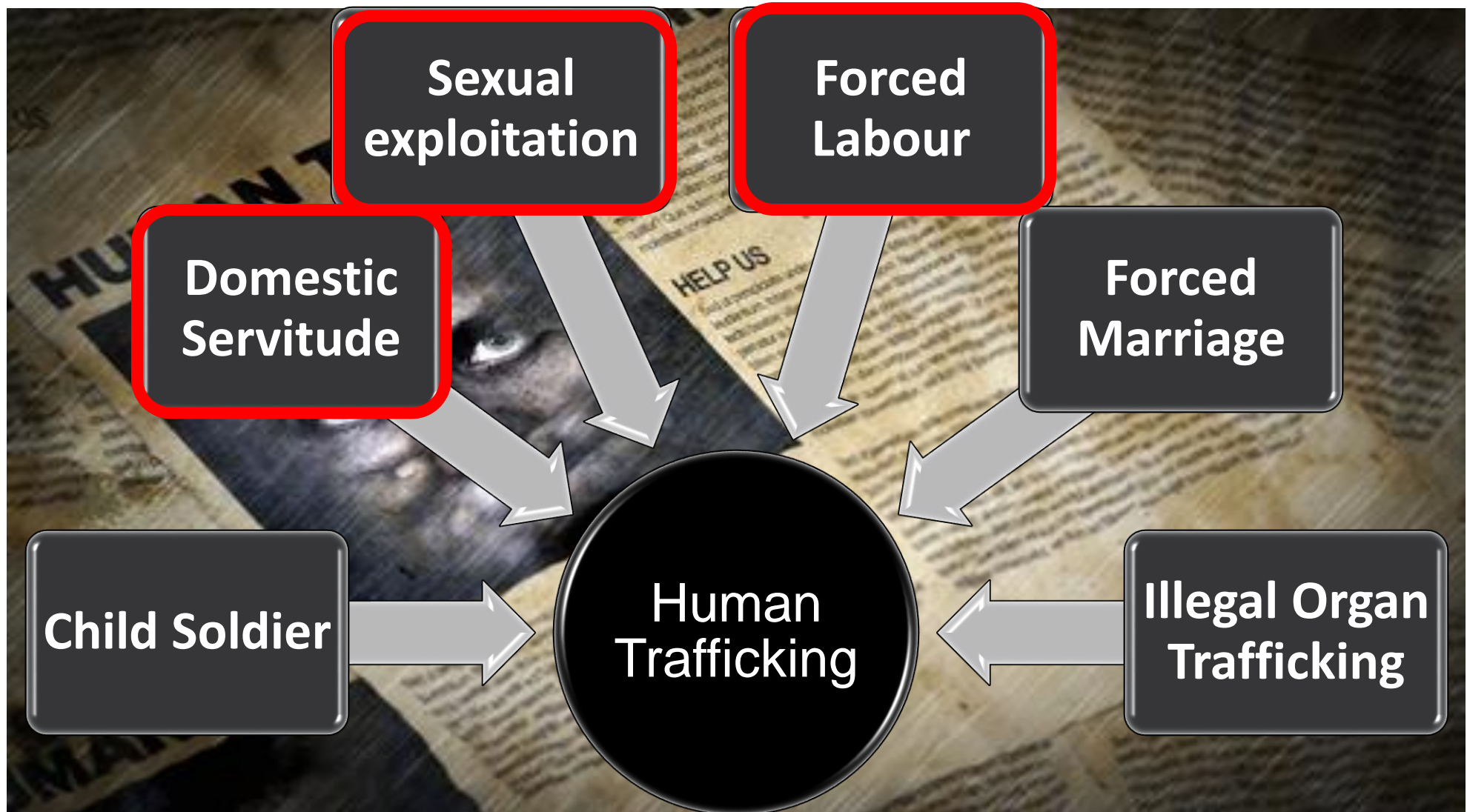



Purpose

To exploit another person

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

What does 'exploitation' mean?





Action –
Recruiting
Harboring,
Moving, or
Obtaining
a Person



Means-
By
Force,
Fraud or
Coercion




Purpose –

To exploit
another
person

What are the Risk Factors for Human Trafficking and Modern Slavery?

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

Why do victims stay?

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

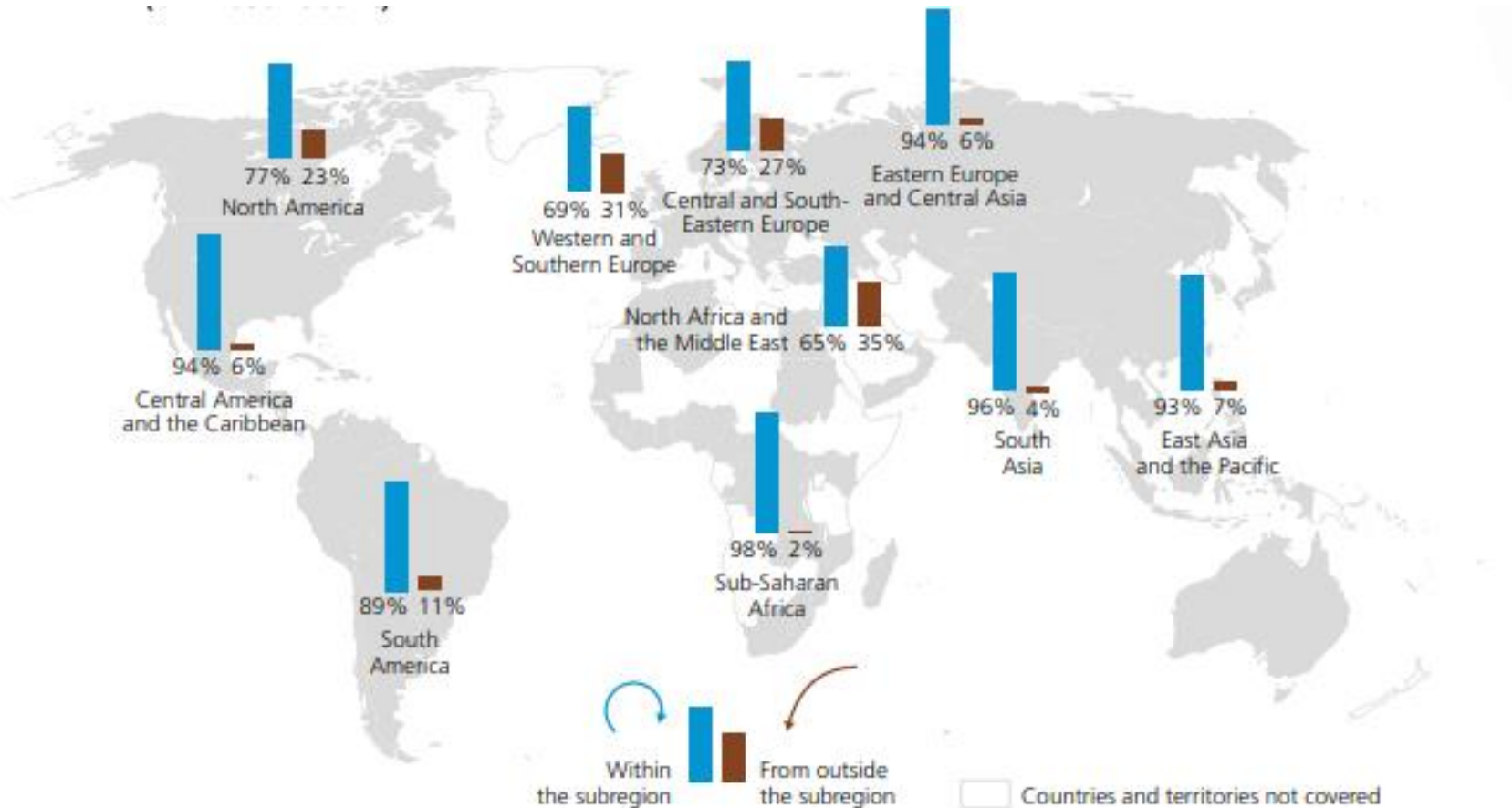
Human Smuggling vs. Human Trafficking



Human Trafficking involves use of force, coercion and exploitation

Human Smuggling involves persons choosing to immigrate illegally

Human Trafficking Key Facts



Source: United Nations Office on Drugs and Crime Report 2016

Human trafficking is linked with other crimes



A highly profitable criminal industry

HUMAN TRAFFICKING: FOURTH LARGEST CRIMINAL INDUSTRY IN THE WORLD

Annual proceeds estimated at USD150 billion, including:



Source: International Labour Organisation, 2014

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

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

A highly profitable criminal industry

EVERY COMPANY HAS A PART TO PLAY

in combating human trafficking and modern slavery



BE DILIGENT. BE CURIOUS. BE VIGILANT.



Look for Red Flags

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

Suspicion may arise from many sources.

**Indicators must be considered together,
rather than focussing on a single one**

Human Trafficking in Supply Chains

Which of these industries might involve human trafficking?

- Bamboo
- Bananas
- Beans
- Brass
- Bricks
- Cattle
- Charcoal
- Citrus
- Coal
- Cocoa
- Coffee

Bricks

- Coltan, Tungsten & Tin
- Copper
- Corn
- Cotton
- Diamonds
- Fish
- Flowers
- Gold
- Granite & Gravel
- Other Stones


Leather

- Jewels
- Leather
- Melons
- Nuts
- Palm Oil
- Pineapple
- Rick
- Rubber
- Salt
- Shrimp
- Silk


Palm Oil

- Silver
- Steel
- Strawberries
- Sugar
- Sunflowers
- Tea
- Tobacco
- Tomatoes
- Wheat
- Wool
- Zinc

High Risk Industries

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

Industry Risk Factors

- 
- Hazardous/undesirable work
 - Vulnerable, low-skilled, easily replaced workforce and/or migrant workforce
 - Presence of labor contractors, recruiters, agents, or other middlemen in labor supply chains
 - Long, complex, and/or non-transparent product supply chains
 - Substantial sourcing or subcontracting in high risk countries

Geographic Risk Factors

According to the US State Department Trafficking in Persons Report 2017, countries considered to be most vulnerable to MSHT include:

Belarus

Belize

Burundi

Central African Republic

China (PRC)*

Comoros

Congo (DRC)

Congo (Republic of)

Equatorial Guinea

Eritrea

Guinea

Guinea-Bissau

Iran

Mali

Mauritania

North Korea

Russia

South Sudan

Sudan


Syria

Turkmenistan


Uzbekistan

Venezuela


Customer Red Flags

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

Product and Service Risk Factors

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

Transaction Risk Factors

- 
- Unusual payments for transport or accommodation
 - Unusual deposits and credits
 - Unusual activity on individual accounts
 - Unusual withdrawals and transfers
 - Unusual payments for 'necessities'
 - Unusual payroll activity
 - Payments to labor / manpower agencies
 - Payments to advertisers / classified services

Encourage your staff to...

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

Threats and indicators continue to evolve.

AHT Contacts, Organizations and Resources

United Nations Office on Drugs and Crime (UNODC)

Office of the High Commissioner for Human Rights
(OHCHR)

World Bank

United Nations University

Financial Action Taskforce (FATF)

National Cyber Forensics and Training Alliance
(NCFTA)

Bank Alliance (European, US, Asia Pacific)

US Department of Labor

US State Department

UK Home Office

FinCEN

Interpol and Europol

UK National Crime Agency / JMLIT

International Labour Organisation

Alliance 87 / The Global Slavery Index

Royal United Services Institute (RUSI)

Walk Free Foundation

Polaris Project

We Are Thorn

Spotlight

Stop The Traffik

Verite

Liberty Asia

Global Initiative Against Transnational Organised Crime

The Mekong Club

International Centre for Missing & Exploited Children

War Child

Child Soldiers International

What Did You Learn?

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

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

Financial institutions have a role to play, where appropriate working with each other, law enforcement, non-government organizations and other agencies

What Did You Learn?

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

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

Raise awareness across your bank, clients, and suppliers...

...and in your community

Combating Human Trafficking



Disclaimer

This material has been prepared by one or more members of SC Group, where “SC Group” refers to Standard Chartered Bank and each of its holding companies, subsidiaries, related corporations, affiliates, representative and branch offices in any jurisdiction, and their respective directors, officers, employees and/or any persons connected with them. Standard Chartered Bank is authorised by the United Kingdom’s Prudential Regulation Authority and regulated by the United Kingdom’s Financial Conduct Authority and Prudential Regulation Authority.

This material is not research material and does not represent the views of the Standard Chartered research department. This material has been produced for reference and is not independent research or a research recommendation and should therefore not be relied upon as such. It is not directed at Retail Clients in the European Economic Area as defined by Directive 2004/39/EC. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This material is for information and discussion purposes only and does not constitute an invitation, recommendation or offer to subscribe for or purchase any of the products or services mentioned or to enter into any transaction. The information herein is not intended to be used as a general guide to investing and does not constitute investment advice or as a source of any specific investment recommendations as it has not been prepared with regard to the specific investment objectives, financial situation or particular needs of any particular person.

Information contained herein is subject to change at any time without notice, and has been obtained from sources believed to be reliable. Some of the information herein may have been obtained from public sources and while SC Group believes such information to be reliable, SC Group has not independently verified the information. Any opinions or views of third parties expressed in this material are those of the third parties identified, and not of SC Group. While all reasonable care has been taken in preparing this material, SC Group makes no representation or warranty as to its accuracy or completeness, and no responsibility or liability is accepted for any errors of fact, omission or for any opinion expressed herein. The members of SC Group may not have the necessary licenses to provide services or offer products in all countries, and/or such provision of services or offer of products may be subject to the regulatory requirements of each jurisdiction, and you should check with your relationship manager or usual contact. Any comments on investment, accounting, legal, regulatory or tax matters contained in this material should not be relied on or used as a basis to ascertain the various results or implications arising from the matters contained herein, and you are advised to exercise your own independent judgment (with the advice of your investment, accounting, legal, regulatory, tax and other professional advisers as necessary) with respect to the risks and consequences of any matter contained herein. SC Group expressly disclaims any liability and responsibility whether arising in tort or contract or otherwise for any damage or losses you may suffer from your use of or reliance of the information contained herein.

This material is not independent of the trading strategies or positions of the members of SC Group. It is possible, and you should assume, that members of SC Group may have material interests in one or more of the financial instruments mentioned herein. If specific companies are mentioned in this material, members of SC Group may at times seek to do business with the companies covered in this material; hold a position in, or have economic exposure to, such companies; and/or invest in the financial products issued by these companies. Further, members of SC Group may be involved in activities such as dealing in, holding, acting as market makers or performing financial or advisory services in relation to any of the products referred to in this material. Accordingly, SC Group may have conflicts of interest that may affect the objectivity of this material.

You may wish to refer to the incorporation details of Standard Chartered PLC, Standard Chartered Bank and their subsidiaries at <http://www.sc.com/en/incorporation-details.html>.

This material is not for distribution to any person to which, or any jurisdiction in which, its distribution would be prohibited.

© 2019 Standard Chartered Bank. All rights reserved. All copyrights subsisting and arising out of these materials belong to Standard Chartered Bank and may not be reproduced, distributed, amended, modified, adapted, transmitted in any form, or translated in any way without the prior written consent of Standard Chartered Bank.