

US Bill May Explicitly Require Banks to Investigate Human Trafficking

April 26, 2017

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A pair of U.S. senators introduced legislation Wednesday aimed at strengthening and expanding the role of financial institutions in fighting human trafficking.

The End Banking for Human Traffickers Act would require U.S. federal regulators and law enforcement agencies to “review and enhance” existing rules, expectations and examinations to ensure that financial institutions equip themselves to identify and report transfers tied to human traffickers more effectively.

Twenty-one million people across the world may currently be in the hands of traffickers, a criminal enterprise generating upwards of \$150 billion in worldwide annual revenues, according to International Labor Organization figures cited last month in a report by Global Financial Integrity, a Washington D.C.-based advocacy group.

“To stop this terrible crime, we need to cut off traffickers’ access to the banking system, and this bipartisan bill will give financial institutions and regulators better tools to do so,” Sen. Elizabeth Warren (D-MA), a sponsor of the bill alongside Sen. Marco Rubio (R-FL) said in a statement.

An existing interagency panel chaired by the Secretary of State would be tasked with providing Congress, the Treasury Department and federal banking regulators recommendations for “legislative, administrative, and regulatory” changes to current U.S. AML rules, according to the draft legislation.

The panel, which does not have direct authority to promulgate rules, would also be expected to highlight “successful” efforts by financial institutions to combat human trafficking that could be “suitable for broader adoption.”

Banks in the past five years have made great strides towards developing systems to mine their available transactional data for possible indications of human trafficking, according to Louise Shelley, director of George Mason University’s terrorism, transnational crime and corruption center in Arlington, Virginia.

“This has been done by a relatively limited number of banks but has provided law enforcement with enormous leads on human traffickers,” Shelley said. “So expanding this to more banks makes a lot of sense.”

One prominent global bank, Standard Chartered, is currently running at least two initiatives to more precisely ascertain how transfers tied to suspected human traffickers appear in various jurisdictions, Stevenson Munro, the bank’s global head of economic sanctions compliance said this month at the *ACAMS moneylaundering.com AML & Financial Crime Conference* in Hollywood, Florida.

“The transactional activity we see at our institution is ... only a small sliver of the risk, typology and money laundering that’s happening, so in order to try and identify what the network looks like ... you have to develop relationships with ... law enforcement, think tanks, journalists and NGOs,” Munro said.

Findings gathered in the United States can then be shared under the safe harbor protections provided by section 314b of the Patriot Act administered by the Treasury Department's Financial Crimes Enforcement Network, he said at the conference.