

## US and UK Banks Struggle to Identify Human Trafficking Funds

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The “often unremarkable” money trail left by human traffickers is hindering banks from detecting their illicit funds, according to financial professionals cited by a U.K. policy center.

The ability of traffickers to evade detection by disguising transfers as legitimate commercial payments has compelled many financial institutions to review batches of previous business transactions for signs of suspicious activity, the Royal United Services Institute, or RUSI, concluded in a 37-page study.

Financial institutions are “unanimously willing” to target human trafficking but require more information on evolving typologies, trends and risks associated with the crime to improve staff training and investigations, RUSI concluded after interviewing 15 U.S. and U.K. financial and law enforcement professionals.

Illicit payments tied to labor exploitation are particularly difficult to detect because those operations often involve a legitimate commercial setting. Some compliance departments have managed to flag suspected transfers of salary payments back to employers, and wage payments followed by multiple cash withdrawals to clear accounts.

Banks have reported their suspicions of other human trafficking operations after identifying frequent low-value transactions, regular deposits and withdrawals of large sums of cash, and multiple purchases of low-cost flights to high-risk countries without incurring travel expenses afterwards, according to the report.

Sex traffickers frequently make purchases at pharmacies to buy contraceptives for enslaved sex workers, and regularly pay adult services websites to advertise their victims, RUSI said.

Because traffickers often rely on cash payments and money services businesses to send funds abroad, some banks are prioritizing other financial crimes they consider greater compliance risks, the report said.

“We need more information from law enforcement, we need more information from NGOs, and we need that information to be more timely,” Nick Lewis, head of intelligence and investigations at Standard Chartered Bank.

Traffickers often try to launder their funds by mixing proceeds with profits from legitimate entertainment, dining and recruitment businesses, according to Europol.

They also use shell companies to buy real estate or invest in their home countries and open bank accounts and bogus firms under the names of their victims, the law enforcement agency said.