

## **The Finance of Sex Trafficking and Impact of Covid-19**

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## The Covid-19 Pandemic

The global outbreak of Covid-19 led to the shutdown of industries, shrinking economies, border closures, and national laws and curfews put in place to socially distance communities. As the world grapples with containing the virus, this article examines the effects of Covid-19 on a criminal world that often goes underreported: the world of modern slavery in the commercial sex industry.

This article examines how Covid-19 has impacted the lives of sex workers and how changing circumstances may make them even more vulnerable to exploitation into sex trafficking. It explores the perceptions and policies that keep sex workers from receiving the financial support needed to keep them safe at this time. It considers how sex work may be driven further underground, and the implications of this on the security of the workers involved. It also considers how the behaviour of clients may change as a result of the virus, examining the supply and demand drivers of online sexual exploitation of adults and children.

This article also outlines the fluidity of criminal nature, how criminals are adapting to changing circumstances and finding new ways to identify, groom, and exploit victims into sexual slavery. Finally, it analyses the implications that Covid-19 has had on the nature of money laundering and the related effects on the ability of financial institutions to operate as the “eyes and ears” in the fight against global sex trafficking.

## Financial Desperation

One of the key drivers for modern slavery across all industries and exploitation types is financial desperation. Covid-19 has had a devastating impact on economies globally, with millions of people losing their jobs as a result.<sup>1</sup> Small businesses and those heavily reliant on daily wages to support themselves and their families have been impacted particularly heavily by this crisis. People continue to need money to survive, and yet the required income is simply not available in many cases.

In 2009, then Secretary of State Hillary Clinton said of the global financial crisis at the time, “Economic pressure, especially in this global economic crisis, makes more people susceptible to the false promises of traffickers.”<sup>2</sup> Forbes states, “In times of emergency – be it a flood, a drought, or a famine, a declaration of war or a recession – support structures shift and collapse. Communities that were once strong become suddenly weak as people grapple with losing their families, their homes, and their jobs. For traffickers around the world, each disaster signals a sudden availability of potential prey.”<sup>3</sup> Sex traffickers thrive on such economic hardship. In many cases, their primary targets are people seeking employment, as they will often trick their victims by offering jobs that do not exist or mislead their victims on the true nature of the work. This capitalisation on desperation means that a higher degree of joblessness and related economic hardship can make a community more vulnerable to traffickers.<sup>4</sup>



1. Rymer, Andrew, 'What impact is Covid-19 having on global economies and markets?', Schroders Wealth Management, 26 March 2020, accessed June 2020. URL: <https://www.schroders.com/en/hk/wealth-management/insights/strategy-and-economics/what-impact-is-covid-19-having-on-global-economies-and-markets>
2. International Labour Office, 'The Cost of Coercion: Global Report on Forced Labour 2009', International Labour Conference 98<sup>th</sup> Session 2009, accessed June 2020. URL: [https://www.ilo.org/global/topics/forced-labour/news/WCMS\\_112326/lang-en/index.htm](https://www.ilo.org/global/topics/forced-labour/news/WCMS_112326/lang-en/index.htm)
3. Redfern, Corrine 'The Pandemic's Hidden Human Trafficking Crisis', Foreign Policy, 30 April 2020, accessed June 2020. URL: <https://foreignpolicy.com/2020/04/30/coronavirus-pandemic-human-trafficking-crisis/>
4. Mahmoud, Toman & Trebesch, Christoph, 'The economic drivers of human trafficking: micro-evidence from five Eastern European countries', Kiel Working Paper No. 1480, Kiel Institute for the World Economy, February 2009.

## Lockdown Limitations

Sex work, by its very nature, involves intimate human interaction. In a time where lockdown measures in certain countries enforce total isolation, or where interaction is limited to close family and friends, some obvious challenges arise for sex workers. Typical venues for sex work, such as bars, nightclubs, and massage parlours, were closed in many countries to prevent the further spread of the virus.

Likewise, many hotels and motels shut their doors. Suddenly, sex workers who relied on frequenting these establishments to meet their clients, found themselves being required to explore alternative options to make contact. In many cases, even if clients could be contacted over the internet, it would be unsafe and even illegal to meet them in person. Therefore, many sex workers found a sudden severe depletion in their income streams due to being physically unable to carry out the work that they rely on.<sup>5</sup>

Debt is a key driver of modern slavery and is one of the most consistent elements of victims' stories across all industries where modern slavery occurs. When people take on debt, especially when it comes from an illicit or unregulated money lender, a degree of autonomy is lost. In many cases, sex workers are excluded from more traditional financial institutions due to the high-risk nature of their work, and as such they may be more vulnerable to seeking financial support from money lenders, pimps, or criminal gangs.

This debt can be used to leverage control over individuals, they may be subject to excruciatingly high interest rates, deception and fraud, and they may be forced to take on work in order to settle their debts if they are unable to pay. Human traffickers prey on these vulnerabilities, and as a result it is clear to see the risk of sex workers being forced into risky financial and personal situations as a result of the economic impact of Covid-19.

## Government Responses

In some countries, government handouts have been crucial to support low-income families and to ensure that much of the population is able to survive during the pandemic. However, there are many recorded cases of sex workers either being deliberately excluded from this government support or being too afraid to reveal themselves to claim it. One sex worker in Hong Kong stated, "Every sector can ask for stipends and allowances, but sex workers can't have the same demand, because sex workers are not willing to come out."<sup>6</sup> In many countries, sex work is criminalised, which means they are unable to access vital funds. To claim government handouts, people are often required to provide proof that employment has been lost or reduced as a result of Covid-19. In places where sex work is illegal, it is not possible to provide this proof.

A survey conducted by the Global Network of Sex Worker Projects found that many sex workers find themselves excluded even in countries where sex work is legalised to some extent. For example, in Germany, it was found that many sex workers were unable to access support as they were living outside of the system, a population which would include high-risk groups and even trafficking victims. The survey found, "While the government has provided a package for (registered) freelance workers, sex workers have not been in any way addressed in particular, and there is no potential for anyone living here illegally to access money from them."<sup>7</sup> This lack of access to handouts has led to a heightened risk of sex workers falling into debt traps by reaching out to unregulated and unscrupulous money lenders to bail them out while they are unable to make an income, or pursuing risky ways to continue their sex work during the pandemic. These options increase their vulnerability to sex trafficking.

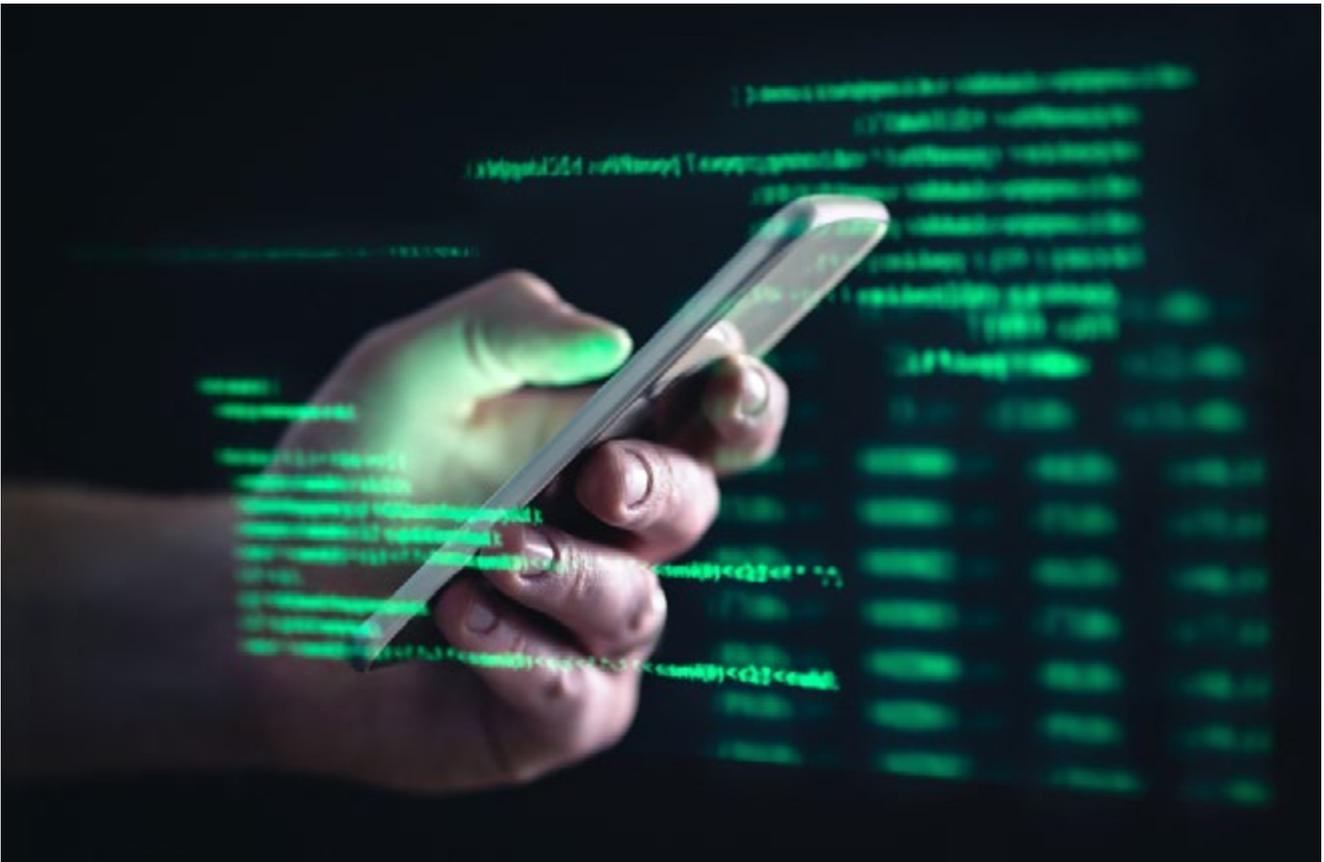
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5. Breslin, Susannah, 'A Sex Worker Reveals How the Covid-19 Pandemic Has Changed Sex Work', Forbes, 14 May 2020, accessed June 2020. URL: <https://www.forbes.com/sites/susannahbreslin/2020/05/14/a-sex-worker-reveals-how-covid-19-has-changed-sex-work/#5a674e6c3a81>
  6. Carvalho, Raquel, 'Coronavirus: I don't want to infect my children says Hong Kong sex worker', South China Morning Post, 18 April 2020, accessed July 2020. URL: <https://www.scmp.com/week-asia/people/article/3080490/coronavirus-i-dont-want-infect-my-children-says-hong-kong-sex>
  7. UNAIDS, 'Covid-19 responses must uphold and protect the rights of sex workers', UNAIDS Resources, 24 April 2020, accessed June 2020. URL: [https://www.unaids.org/en/resources/presscentre/featurestories/2020/april/20200424\\_sex-work](https://www.unaids.org/en/resources/presscentre/featurestories/2020/april/20200424_sex-work)

## Criminal Exploitation

In some cases, sex workers may feel that they have no viable option but to illegally continue their sex work despite the lockdown measures being imposed. They may be recruited into underground networks, criminal gangs that seek to exploit their desperation for work and bring them under their control. Such desperation can be found in the United States, where it is increasingly challenging to advertise sexual services online due to legislation referred to as the Allow States and Victims to Fight Online Sex Trafficking Act<sup>8</sup> and the Stop Enabling Sex Traffickers Act.<sup>9</sup>

These laws were enacted to shut down websites that were alleged or found to be facilitating sex trafficking, and they have prompted a debate on the ethics and potential risk associated with closing down access to internet advertising for all sex workers, to protect the subset of sex workers who had been trafficked into their situation.<sup>10</sup> With bars, nightclubs, and red-light districts closed for business due to Covid-19 lockdowns, sex workers may have chosen to move their advertising online.

However, as one anonymous sex worker explains, “Immediately after the sites went down, it was a scramble to figure out how to advertise. There’s an assumption that sex work is really easy, and you just find another site and go back to normal, but that’s so far from the case. Every time you post in a new place, there’s risks. You have to figure out where your clients are looking, you have to send personal information into a black hole of people you hope don’t extort you.”<sup>11</sup> As there are increasingly fewer legal ways for sex workers to advertise their services, sex workers find themselves more vulnerable to exploitation as they may resort to illegal underground sites where traffickers mine personal information and prey on potential new victims.



8. HR 1865, 115<sup>th</sup> Congress (2017-2018), *Allow States & Victims to Fight Online Trafficking Act of 2017*, Public Law No. 115- 164.
9. S 1693, 115<sup>th</sup> Congress (2017-2018), *Stop Enabling Sex Traffickers Act of 2017*, Reported to Senate with amendments 1 December 2018.
10. HR 5448, 116<sup>th</sup> Congress (2019-2020), *SAFE SEX Workers Study Act*, Introduced to House 17 December 2019.  
URL: <https://www.congress.gov/bill/116th-congress/house-bill/5448/text?format=txt>
11. Breslin, Susannah, *A Sex Worker Reveals How the Covid-19 Pandemic Has Changed Sex Work*, Forbes, 14 May 2020, accessed June 2020.  
URL: <https://www.forbes.com/sites/susannahbreslin/2020/05/14/a-sex-worker-reveals-how-covid-19-has-changed-sex-work/#136de4b93a81>

## Residential Instability

In other cases, sex trafficking victims or high-risk individuals are already confined to brothels or kept in domestic servitude and are finding their situation even more perilous due to Covid-19. Studies indicate that lockdown laws have led to an increase in domestic violence.<sup>12</sup> This is correlated with the reduction in living conditions faced by many victims of trafficking, including those in domestic servitude or sex slavery who are all too often victims of domestic violence.<sup>13</sup>

In other cases, shelters or temporary accommodations such as cheap motels and hotels where sex workers and vulnerable people live have been closed down temporarily due to virus restrictions. This heightens vulnerabilities to sex trafficking and other forms of violence as people find themselves homeless, vulnerable, and targeted by criminals who lure victims into dangerous and exploitative situations. Research by Covenant House found that there is a relationship between homelessness and human trafficking. They interviewed hundreds of homeless youths and found that 92% had been approached at some point with an offer of income deemed too good to be true, with 14% of the respondents confirmed to have been trafficked into sex work as a result of being homeless.<sup>14</sup> Polaris, a human trafficking charity in the US, stated that calls to its hotline for people seeking shelter to avoid human trafficking situations doubled between March and April 2020 and was expected to increase as the pandemic continues.<sup>15</sup>

## Transactional Sex Work

Transactional sex also increases in times of financial hardship, whereby people in increasingly desperate situations choose to exchange sex for food or shelter, using it as a means to survive. Once people fall into this world of transactional sex, they may become reliant on traffickers to feed them and provide them with shelter. Debt is a core driver of modern slavery. Sex workers and others who become reliant on other people through debt find themselves vulnerable to exploitation as a result. Tinku Khanna, director of Apne Aap Women Worldwide India Trust states, “The communities we work with, who have minimum or no social security, will fall prey to the traffickers as there will be no food, no jobs and huge debts...Children, especially young girls who are daughters of prostituted women; girls and young women living on footpaths and under the bridges; the children and women from nomadic and semi-nomadic communities will be the worst affected.”

Research on the impact of the Ebola disease outbreak on the lives of women and girls in Sierra Leone supports this view. In an examination of the impact that the outbreak had on vulnerability to sexual and gender-based violence, a United Nations Development Programme report stated, “Female participants...raised serious concerns about the increasing prevalence of teenage pregnancy, especially related to economic hardships of adolescents and their parents leading to transactional sex.”<sup>17</sup> This research indicated that instances of child sexual abuse, teenage pregnancy, harbouring and related sexual exploitation and violence were directly increased due to the outbreak of the Ebola virus and related economic impacts that draw clear parallels with the outbreak of Covid-19.

12. Taub, Amanda, ‘A New Covid-19 Crisis: Domestic Abuse Rises Worldwide’, New York Times, 6 April 2020, accessed June 2020. URL: <https://chesocof.org/wp-content/uploads/2020/04/Domestic-Abuse-Rises-Worldwide-New-York-Times.pdf>
13. Ochab, Ewelina, ‘The Hidden Victims of Covid-19 Human Trafficking and Modern Slavery’, Forbes, 11 May 2020, accessed June 2020. URL: <https://www.forbes.com/sites/ewelinaochab/2020/05/11/the-hidden-victims-of-covid19-human-trafficking-and-modern-day-slavery/#4dbc70281d2b>
14. Murphy, Laura, ‘Labour & Sex Trafficking Among Homeless Youth’, Loyola University New Orleans, 2016, accessed June 2020. URL: <https://www.covenanthouse.org/sites/default/files/inline-files/Loyola%20Multi-City%20Executive%20Summary%20FINAL.pdf>
15. Aljazeera, ‘Coronavirus Lockdowns Conducive to Human Trafficking’, 17 June 2020, accessed June 2020. URL: <https://www.aljazeera.com/news/2020/06/coronavirus-lockdowns-conducive-human-trafficking-200616141741912.html>
16. Carvalho, Raquel, ‘Coronavirus: I don’t want to infect my children says Hong Kong sex worker’, South China Morning Post, 18 April 2020, accessed July 2020. URL: <https://www.scmp.com/week-asia/people/article/3080490/coronavirus-i-dont-want-infect-my-children-says-hong-kong-sex>
17. See, *Rapid Assessment of Ebola Impact on Reproductive Health Services and Service Seeking Behaviour in Sierra Leone*, UNFPA, March 2015.

## Changing Criminal Behaviours

As every industry and economy is impacted by Covid-19, so is the criminal economy. Human traffickers operate for profits. They exploit people in many ways, from forced prostitution to forced and child labour in industries across the world. As the world locks down, these people are adapting and finding new nefarious ways to exploit others for their own gain. We are seeing evidence of this already, with soaring increases in online fraud, cybercrime, and scams to generate new proceeds where other forms of criminal income have diminished.<sup>18</sup>

Research into online exploitation suggests that the measures imposed against Covid-19 may have an impact on both the supply and demand sides of online sexual slavery. A recent typological example of how such online exploitation occurs can be seen in South Korea, referred to as the “Nth Room” case. This case revolved around the online sexual exploitation of women and girls on the Telegram messaging app. People from all over the world were able to make payments to access the Telegram chatrooms and make requests for the women and girls involved to provide explicit material and carry out violent sexual acts upon themselves.

At least 260,000 people paid to access the chat rooms in this case.<sup>19</sup> These transactions involved a combination of cryptocurrencies and funds processed through fiat bank accounts. The women and girls were coerced into this situation through blackmail and fear. Non-compliance could mean that their addresses would be posted online and they were threatened with violence and exposure to their families and friends, psychologically tortured by their traffickers. The Nth Room case is sadly not an isolated incident – in fact, many consider the use of technology to present a new frontier in combatting sex trafficking.<sup>20</sup> As the spread of Covid-19 has stopped people being able to find their victims and buy services in the streets, it is hypothesised that many more will turn to the internet to fuel their desires.

Sex trafficking is driven by the wider demand for sex work and sexual content. If there was not a demand for commercial sex, traffickers would not wish to exploit this market and force people into it for their own financial gain. If demand for online sex work increases, then it is logical that traffickers will identify this market as a lucrative opportunity and pivot their efforts to meet this demand.



18. Council of Europe, 'Cybercrime & Covid-19', Council of Europe Cybercrime News, March 27 2020, accessed July 2020.

URL: <https://www.coe.int/en/web/cybercrime/-/cybercrime-and-covid-19>

19. De Souza, Nicole, 'The Nth Room Case & modern slavery in the digital space', The Interpreter, 20 April 2020, accessed June 2020.

URL: <https://www.lowyinstitute.org/the-interpreter/nth-room-case-and-modern-slavery-digital-space>

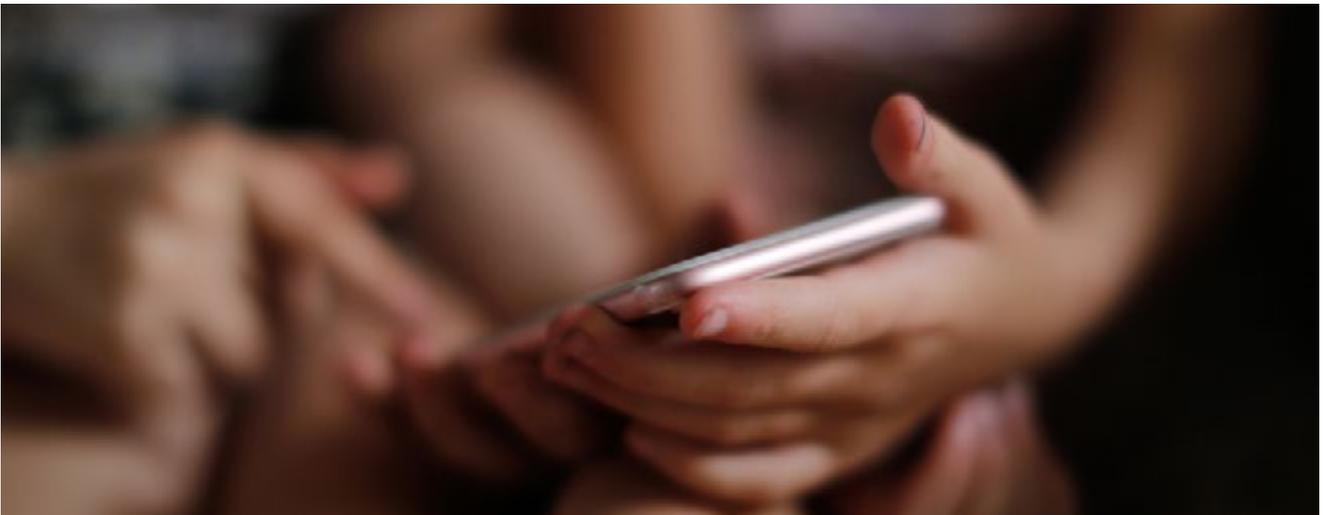
20. Ibid.

## Child Abuse

Mama Fatima Singhathe, special rapporteur on the sale and sexual exploitation of children appointed by the UN [Human Rights Council](#) in Geneva, states that travel restrictions have spawned new ways to sexually exploit and abuse children, such as attempts to establish “delivery” or “drive-thru” services.<sup>21</sup> She added, “Producing and accessing child sexual abuse material and live-stream child sexual abuse online has now become an easy alternative to groom and lure children into sexual activities and to trade images in online communities.”<sup>22</sup> Research already suggests that online sexual exploitation of children is increasing as a result of the Covid-19 pandemic. For one, children are spending substantially more time online, in many cases their entire schooling has moved to online lessons, and they are engaged in more online activity such as chat rooms, online games, and forums, leaving them vulnerable to online predators.

In addition, lockdown laws mean that many children are confined to their homes. Europol warns that isolation and loneliness are emotions that sex traffickers prey on. They groom their victims online and offer them friendship, encouraging them to share personal information and intimate content that will ultimately be used to force them into sex trafficking.<sup>23</sup> Evidence shows that those directly responsible for online sex trafficking of children are often family members and other caregivers with easy and private physical access to children. Data from the National Centre for Missing and Exploited Children revealed that in the most actively traded child sexual abuse material, where the child’s identity and the identity of the abuser were both known, 32% of the cases depicted a neighbour(s)/family friend(s), 21% depicted a parent/guardian, 11% depicted various other relative(s), 7% depicted the babysitter/coach, and 3% depicted the guardian’s partner(s). In total, 74% of the child sex offenders portrayed belonged to the child’s “circle of trust”.<sup>24</sup> During the Covid-19 pandemic, children are in many cases legally confined to stay within this “circle of trust”, a problem likely exacerbated further by increasing financial pressures and a growing demand for online abuse material. In the Philippines, for example, arrests were made in April against a woman in Luzon who was producing home-made online sexual exploitation content involving multiple children.

This arrest prompted the International Justice Mission’s Philippines director to state, “We recognize lockdowns as an important step to contain the coronavirus, but we also acknowledge that one unintended consequence of this is that vulnerable children are being trapped with abusers and traffickers in their homes.”<sup>25</sup>



21. United Nations, ‘Covid-19 crisis putting human trafficking victims at risk of further exploitation – experts warn’, UN News, 6 May 2020, accessed June 2020. URL: <https://news.un.org/en/story/2020/05/1063342>
22. Ibid.
23. EUROPOL, ‘Covid-19 Child Sexual Exploitation’, accessed June 2020. URL: <https://www.europol.europa.eu/covid-19/covid-19-child-sexual-exploitation>
24. National Center for Missing and Exploited Children, ‘Child Pornography Offending: Analysis of Data from NCMEC’ (presentation delivered at 27th Annual Crimes against Children Conference, Dallas, Texas, USA, 10-13 August 2015).
25. ‘Trapped with abusers: 7 kids rescued from traffickers in Luzon’, Rappler, 25 April 2020, accessed June 2020. URL: <https://www.rappler.com/nation/258987-trapped-with-abusers-children-rescued-from-sex-trafficker-luzon>

## Impact on Finance

Sex trafficking is driven by profit. Traffickers seek to exploit others into commercial sex work because they see it as a lucrative opportunity to make money. Sex trafficking is a multi-billion dollar crime; in fact, Siddharta Kara estimates that 52 billion US dollars a year is generated by commercial sex trafficking.<sup>26</sup> Sex trafficking is a profitable activity because traffickers are often able to exploit their victims repeatedly.

The sale of commodities such as drugs or counterfeit goods can generate a one-off profit – the sale is made and then the criminal must source additional produce to make another sale. Sex trafficking is different: one victim can be used to facilitate multiple sales over the course of their exploitation. As with any illegal profits, these funds are then laundered through legitimate financial institutions in order to “clean” the money and allow the criminals to spend the proceeds as they desire.

The financial services industry is therefore heavily impacted by this crime and has a key role to play in identifying and reporting illicit activity. Sexual exploitation and human trafficking is a notoriously challenging crime to detect, and it continues to impact millions of people around the world with significantly low prosecution rates. Financial service providers are at the frontline of this detection and reporting. They may unwittingly hold bank accounts for victims and traffickers. They facilitate payments and remittances made for illicit services, and they may hold accounts for illegitimate businesses that are established to launder the criminal proceeds of exploitation.

## Changing Risk Factors

The methods that traffickers use to collect and launder funds may be changing as a result of Covid-19 and there are challenges to financial institutions around how to detect and report these new forms of activity. Prior to Covid-19, much of the commercial sexual exploitation was carried out in establishments such as bars, massage parlours, and nightclubs.

Transactions were paid for in cash directly, rather than through banking systems. While still challenging to detect, there are a number of mitigating measures that could be put in place and a risk-based approach could be applied to such establishments where this activity is known or suspected to take place. The changing nature of the commercial sexual economy means that such risk has shifted, and so new threats may emerge and previous risk profiles may become out of date. As exploitation methods shift, so may methods to launder funds and move cash proceeds of criminal activities.

New forms of money laundering may include the use of online platforms that continue to be accessible during Covid-19 lockdowns. In many online games, it is possible to convert money from the real world into virtual goods services or cash that can later be converted back into the real-world currency of choice.<sup>27</sup> There has also been a marked increase in online scams during the Covid-19 pandemic, such as money muling, where the target’s bank account is used wittingly or unwittingly to launder funds by acting as a transfer service for a small fee.<sup>28</sup> Such scams thrive on financial crisis as they exploit people’s need for quick cash, and money launderers prosper as a result.

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26. Kara, Siddharth, *Sex Trafficking: Inside the Business of Modern Slavery*, Columbia University Press, 2017.

27. IGI Global, *Digital Currency: Breakthroughs In Research & Practise*, IGI Global, 2018.

28. FBI National Press Office, *FBI warns of money muling schemes exploiting the Covid-19 pandemic*, 6 April 2020, accessed June 2020.  
URL: <https://www.fbi.gov/news/pressrel/press-releases/fbi-warns-of-money-mule-schemes-exploiting-the-covid-19-pandemic>

## AML Limitations

There are a number of immediate effects of the Covid-19 virus on the ability of financial services providers to conduct their usual anti-money laundering (AML) regimes and safeguarding practices, and thus prevent and detect sex trafficking activity. In many countries, social lockdowns mean that it is physically impossible to carry out routine customer visits and conduct in-person AML checks. Visiting a customer premises usually allows a banking relationship manager to better gauge whether the nature of the customers' business in reality reflects their stated purpose and nature of their bank account. Without being able to see the business in operation first-hand, there is a greater chance for illicit activity to go undetected, and for accounts used for money laundering purposes to thrive without outside scrutiny.<sup>29</sup> Likewise, without being able to witness customers and interact with them in branches, some key behavioural indicators for suspicious activity will also not be detected, as financial service professionals must rely on remote means to identify illicit behaviour.

The ability for financial service providers to act as the "eyes and ears" for law enforcement is therefore severely hindered if in-person interactions are limited, as they have been during Covid-19. The Financial Action Task Force refers to anecdotal reports of impact on the ability to properly escalate suspicious behaviour and therefore investigate and combat criminal activity such as human trafficking and modern slavery.<sup>30</sup> Furthermore, this ability to identify and monitor risk of money laundering, including cases related to sex trafficking, is further compounded by industry-wide movements towards simplified due diligence processes when onboarding and monitoring customer risk. As customers are not able to visit branches to open bank accounts due to lockdown restrictions, alternative measures such as online "know your customer" or virtual verification are being offered, which increase access to financial services but also may leave the system further open to abuses by criminals.

## Reporting Limitations

In the financial services industry, suspicious behaviour is reported from within a bank to law enforcement using a reporting mechanism. The Financial Intelligence Units and related law enforcement bodies that are responsible for processing and responding to Suspicious Activity Reports (SARs) are in many cases operating at a reduced capacity, and backlogs of SARs to process are further building.<sup>31</sup> This is largely due to the closure of offices and reduced government operations across the board. In April 2020, the Hong Kong Monetary Authority published an open letter to the financial services industry, highlighting the fact that usual anti-money laundering and counter-terrorist financing regimes would be impacted by Covid-19, and urging a risk-based approach to due diligence, recording of short-term impacted issues, as well as the sharing of typologies between organisations for a more effective collective response.<sup>32</sup>

Another potential vulnerability during a financial crisis is severe budget cuts in both the public service and the private sector. Public service budget cuts affect the quality of financial investigations conducted by the police, as well as the capacity for effective financial supervision by regulators. In such times, focus is naturally given to public safety, allowing financial crime to thrive. With regard to the private sector, budget cuts are bound to hit compliance.<sup>33</sup> The impact of this is clear: without the ability to properly mitigate suspicious activity, criminal behaviour will be allowed to continue for longer than usual, and the criminals themselves will remain undetected. Likewise, without proper escalations and investigations taking place, victims will continue to suffer and more will fall into the trap of modern slavery.

29. FATF, 'Covid-19 related money laundering & terrorist financing risks and policy responses', FATF, May 2020, accessed July 2020.  
URL: <https://www.fatf-gafi.org/publications/fatfgeneral/documents/covid-19-ml-tf.html>

30. Ibid.

31. Crowell Moring, 'Anti money laundering program contingency planning during Covid-19: Recent guidance from FINCEN & FFIEC', 26 March 2020, accessed June 2020.  
URL: <https://www.crowell.com/NewsEvents/AlertsNewsletters/all/Anti-Money-Laundering-Program-Contingency-Planning-during-COVID-19-Recent-Guidance-from-FinCEN-and-FFIEC>

32. Chu, Carmen, 'Coronavirus disease (Covid-19) and anti-money laundering counter-financing of terrorism (AML/CFT) measures', Hong Kong Monetary Authority, 7 April 2020, accessed June 2020.  
URL: <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20200407e1.pdf>

33. Shaffer, Yehuda, 'Covid-19: new and old money laundering risks', ACAMS Today, 21 April 2020, accessed June 2020.  
URL: <https://www.acamstoday.org/covid-19-new-and-old-money-laundering-risks/>



## Conclusion

Overall, the impact of Covid-19 has been far-reaching and deeply challenging to manage and mitigate against. Sex workers, already a vulnerable strata of society who are often forced to work outside of the support systems provided by governments, have undoubtedly been affected. Unable to operate on the streets, or in venues such as bars and clubs, many have been forced to find new ways to find clients. Cut off from government financial support schemes, many have also found that they are reliant on others to support with food and shelter, turning to unregulated lenders and criminal gangs for loans and support. Victims of exploitation also find themselves homeless or even confined to the homes of abusers, further compounding the severity of their situation.

This economic hardship is also a driver for exploitation outside of the sex worker community, as families struggle to make ends meet, and creeping desperation creates a new pool of prey for unscrupulous traffickers to pick from. The traffickers themselves have also undoubtedly been impacted in some way; with their regular income streams drying up and consequent moves to new platforms through which to exploit their victims and launder the spoils. Finally, the ability for financial institutions to detect, report, and prevent this morally depraved yet profitable crime has been eroded to concerning levels. This perfect storm of vulnerability, greed, opportunism, and restriction ultimately means that sex trafficking is likely to thrive during the Covid-19 pandemic and long into the period of global recovery. It is vital that institutions with a responsibility for responding to the financial elements of sex trafficking take these changing trends and new threats into account as they work to play their role in fighting this crime.



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