The Asia Pacific Banks Alliance Against Modern Slavery

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Foreword From Thomson Reuters Foundation

Modern slavery has long been a hidden crime, outlawed in every country but endemic throughout the world. More than 40.3 million people are trapped in modern slavery worldwide and more are put at risk as conflict, terrorist violence and climate change drive human displacement and vulnerability. Human trafficking is also a highly lucrative global business generating illicit profits of at least $150 billion a year . Victims of modern slavery are exploited in illegal operations, but also in commercial settings that appear legitimate: on farms and in factories, in restaurants and hotels, in car washes and nail bars.

Financial institutions have a key role to play in the fight against this global crime. Where traffickers use the formal banking system to spend, transfer and launder illegal profits, banks and money service businesses have access to financial data that can be used to identify cases of exploitation and provide the evidence needed to disrupt it and prosecute those responsible.

In 2013, Thomson Reuters Foundation and the Manhattan District Attorney, Cyrus R. Vance, Jr., established the first Banks Alliance Against Human Trafficking to help institutions tackle human trafficking by using transactional data. This group of leading financial institutions in the U.S. published a white paper – a set of red flags that Alliance members used to identify and report suspicious customer and account level activity potentially linked to human trafficking. The paper provided the basis for an Advisory Note by FinCEN, led to an increase in suspicious activity reporting and raised the profile of banks as key actors in the fight against trafficking.

Building on this success, Thomson Reuters Foundation established the European Banks Alliance which, in May 2017, published an innovative anti-trafficking toolkit for EU financial institutions which has been endorsed by the Wolfsberg Group and other leading industry bodies. In September 2017, responding to demand from our financial institution partners, we reconvened the US Banks Alliance – old members and new – to update the original white paper for 2018 and beyond. Together this new U.S. Banks Alliance worked to produce an impressive toolkit of resources to support more financial institutions in the region to take action against human trafficking.

We have now taken the Banks Alliance initiative to the next phase, working in collaboration with The Mekong Club to bring together financial institutions and anti-trafficking NGOs operating in the Asia Pacific region, where an estimated two thirds of the 40.3 million people trapped in modern slavery are living - whether it is exploited workers in brick kilns in India, garment factory workers enslaved in Cambodia, slaves on illegal fishing boats in Thailand, or women and children entrapped in brothels across the region. Building on the work of the other regional Banks Alliances, the modern slavery indicators in this white paper have been tailored to the Asia-Pacific region, using real-life case studies, country-specific analysis and industry-specific indicators.

Bravo to the members of the Asia Pacific Banks Alliance: ABN Amro, American Express, ANZ, Citi, Commonwealth Bank of Australia, HSBC, ICMEC, Macquarie, Standard Chartered, together with the Mekong Club. Your investment in this initiative and your commitment to tackling this complex and insidious global crime sets a clear example for others in the financial sector, and for responsible businesses everywhere.

Monique Villa
CEO, Thomson Reuters Foundation

Member Institutions

The following institutions make up the Asia Pacific Banks Alliance membership. In participating in this work, they have demonstrated industry leadership in the fight against modern slavery across Asia Pacific.

A special thanks to all individuals from these organisations that have contributed their time and expertise over the past year to assist in the production of this white paper.

- **ABN AMRO**

- **American Express**

- **ANZ**

- **Citi**

- **Commonwealth Bank of Australia**

- **HSBC**

- **International Centre for Missing & Exploited Children (ICMEC)**

- **Macquarie**

- **Standard Chartered**

Foreword From The Mekong Club

The Mekong Club was created in August 2012. We were one of the first not-for-profit organisations of its kind in Asia Pacific to use a 'business-to-business' approach to fight modern slavery.

Our approach is to act as a catalyst for change – engaging, inspiring and supporting the private sector to lead in the fight against modern slavery. We bring corporations together through industry working groups to work in unity to fight the business of modern slavery. Our focus has been to identify and develop practical, innovative, and relevant tools to help address the issue. In alignment with Sustainable Development Goal 17 we encourage private sector partners and individuals to take a leadership role to influence and motivate a business response.
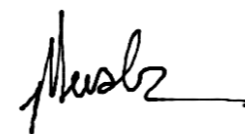
Our dynamic Financial Service Sector Working Group has been working over the past two years to build awareness, tools and collective action and we were delighted to have been approached by Thomson Reuters Foundation to leverage our expertise to support the development of this Asia Pacific Banks Alliance Against Modern Slavery. This work complements the innovative work done through the US and European Banks Alliances and brings a unique and local focus to the issue as it relates to banks in the Asia Pacific Region.

The Mekong Club is dedicated to encouraging and facilitating efforts of the Banks Alliance in combatting modern slavery through the publication of this white paper and beyond. We look forward to working with the members of the alliance to educate and empower their workforces, operationalise these indicators, and gather case studies and best-practise examples. Furthermore, we will work to extend the invitation to interested organisations to learn more about combatting modern slavery, expanding the work of the banks alliance to those people and institutions that have not yet been involved in this work.

We would like to thank everybody that has been involved in this work so far, and we look forward to continuing the work of the alliance over the coming years.

Mark Devadason

Director of the Mekong Club and Chairman of the Financial Sector Working Group

The Mekong Club

The Mekong Club is a Hong Kong based NGO dedicated to the abolition of modern slavery by uniting and mobilising the private sector. Our purpose is to act as a catalyst for change, bringing together stakeholders such as private companies, governments, law enforcement, and NGOs to establish a unified response to the greatest human rights challenge of our time.

The Mekong Club works closely with the financial services sector, helping institutions to tackle the issue of modern slavery in a number of ways:

1. Delivering dedicated training and advocacy sessions to staff across different departments.
2. Developing tools that can be operationalised into existing systems and processes.
3. Working with data providers to help bring modern slavery to the forefront of screening and risk assessment.
4. Develop typologies and trends of modern slavery and the relationship to financial service providers.
5. Provide a safe and secure environment in which to share best practices and intelligence.
6. Develop practical recommendations for financial institutions to become industry leaders in the field.
7. Engage with banking associations, taskforces, regulators, promoting the need for clear and consistent legislation.

   The Asia Pacific Banks Alliance forms an integral element of the Mekong Club's existing work in this field. Beyond the publishing of this white paper, the Mekong Club will continue to work with financial institutions across Asia Pacific to operationalise the indicators within. The paper will also be presented to banking associations and regulatory bodies across the region, and as with the US and European Banks Alliances, steps will continue to be taken to refine and enhance this work as industry standards progress.

*Contact: **info@themekongclub.org** for further information on our work and how your organisation can become involved in the global fight against modern slavery.*

Thomson Reuters Foundation

Thomson Reuters Foundation stands for free, independent journalism, human rights, women's empowerment, and the rule of law. We use the skills, values, and expertise of Thomson Reuters to run programmes that trigger real change and empower people around the world, including free legal assistance, journalism and media training, coverage of the world's underreported stories, and the Trust Conference.

TrustLaw is Thomson Reuters Foundation's global pro bono legal programme, connecting the best law firms and corporate legal teams around the world with high-impact NGOs and social enterprises working to create social and environmental change. We produce ground-breaking legal research and offer innovative training courses worldwide. Through TrustLaw, over 120,000 lawyers offer their time and knowledge to help organisations achieve their social mission for free. This means NGOs and social enterprises can focus on their impact instead of spending vital resources on legal support.

TrustLaw's success is built on the generosity and commitment of the legal teams who volunteer their skills to support the NGOs and social enterprises at the frontlines of social change. By facilitating free legal assistance and fostering connections between the legal and development communities we have made a huge impact globally.

We have supported grassroots organisations to employ their first staff members, helped vulnerable women access loans to start their first businesses and brought renewable energy lighting to slums. Free legal assistance on these small projects has had a big impact on local communities working to overcome poverty and discrimination. At a global scale, we have supported legal reform activities to protect the rights of millions of domestic workers, changed legislation to support victims of violence, produced guides to protect people who experience street harassment, and crafted tools to support the prosecution of trafficking offenders.

Legal research reports and other TrustLaw publications are legal resources that take an in-depth look at a legal issue in a number of countries. This may be in the form of a comparative analysis of laws in different countries, or a legal landscape analysis. These resources aim to help TrustLaw members advocate for legal reform, inform policy activities or propose legal amendments. Our resource library can be found on the TrustLaw homepage at trustlaw.trust.org

The APBA

Modern slavery is a criminal industry which is estimated to be worth USD 150 billion[2] a year, generates a significant proportion of funds laundered through legitimate financial services, thereby exposing the financial services industry to the risk of being inadvertently involved in serious financial crime. Whether this be retail accounts used to exchange funds with traffickers, forced labour in commercial supply chains, or investments being made in industries that have known issues with labour exploitation, this is a widespread issue affecting all financial service institutions worldwide.

A result of the collaboration between the Mekong Club and Thomson Reuters Foundation, the Asia Pacific Banks Alliance (APBA) aims to bring financial institutions, law enforcement agencies, and NGOs into a strong partnership against modern slavery, with a particular focus on Asia Pacific. This paper has been written by the APBA in order to enhance the ability of financial institutions to identify and mitigate the risk of modern slavery by:

- Refining their automatic transaction monitoring;
- Enhancing their internal investigation models;
- Strengthening know your customer(KYC) and customer due diligence processes to identify high-risk clients;
- Developing training programmes for in-house investigators and front of house staff;
- Making more sustainable investment and financing decisions; and
- Spreading awareness to all business lines about the types of risks that they are exposed to in their everyday roles.

The modern slavery indicators have been tailored to the Asia-Pacific region, using case studies and data to inform outcomes. This builds upon the work conducted by the United States Banks Alliance (USBA)[3] and the European Banks Alliance (EBA) Against Human Trafficking[4]. As countries in Asia Pacific face their own specific risk factors and market trends, this allows the banks to better refine their risk assessments and identification to suit regional variations. To further enhance the usefulness of this toolkit, and to consider country-level risks, country-specific analysis has also been undertaken.

The ABPA white paper can be used across different business lines within financial institutions, including retail, commercial, corporate and investment banking. The end users of these indicators therefore span business roles and range from technical compliance teams to front of house staff. As modern slavery affects an array of industries, industry-specific indicators have been developed for those business types that see the highest prevalence of modern slavery in Asia. This allows for a more targeted risk-based client assessment and reflects the range of typologies of modern slavery across different industries.

1. http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm
2. http://collections.unu.edu/eserv/UNU:6232/BreakingtheFinancialChains_FullBooklet_Web.pdf
3. http://www.osce.org/secretariat/115618?download=true
4. https://www.trust.org/contentAsset/raw-data/4a50dde4-0a6c-49f9-9ba4-92a8b10d3243/document

Modern Slavery Definitions

Throughout this white paper, we refer to 'modern slavery', which is an umbrella term for many crimes including human trafficking, slavery and slavery like practices such as servitude, forced labour, forced or servile marriage, the sale and exploitation of children, and debt bondage[5]. This terminology choice is in line with one of the leading pieces of legislation in the field: the UK Modern Slavery Act. Within the past five years, the topic of modern slavery has been combined with this traditional concept of forced labour to expand the range of different potential scenarios.

Overall the key identifying characteristics of modern slavery include:
- Use of force, fraud, or coercion to force a person into a labour situation.
- Use of debt, violence, and threat to hold a person in place.
- Lack of payment in exchange for services provided, usually defined by adherence to the national 'minimum wage'.

Methodology

The APBA constructed this white paper through the following process:

Stage One

Representatives from the participating organisations established two working groups:
The 'Technical Working Group': Consisting of specialists from departments such as anti-money laundering, transactions monitoring, and financial intelligence units. This working group was responsible for building the indicators themselves.

The 'Implementation Working Group': Consisting of a wider breadth of roles from all participating organisations. This group's focus was on the implementation and operationalisation of the white paper.

Stage Two

The Technical Working Group compiled a list of all available indicators, including both publicly available data as well as existing indicators used within their institutions. This list was examined by the group and refined to ensure that all were applicable to modern slavery and were applicable and practical. This list went through several rounds of refinement by the group.

Stage Three

The working groups examined their own institution's efforts to combat modern slavery, contributing to recommendations for best practice by sharing case study examples.

Stage Four

The final draft white paper was presented to all participating institutions of the APBA for final review, comment, and endorsement.

5. https://www.walkfreefoundation.org/understand/

Recommendations

The purpose of this paper is to ultimately combat modern slavery by making it harder for criminals to exploit legitimate financial systems, rendering the crime less profitable and less attractive to criminals. Production of this white paper is the first step in equipping financial institutions in the fight against modern slavery. The following recommendations relate to the implementation of the indicators in this paper as well as wider best practice for financial institutions to raise the industry standard.

Combatting Modern Slavery in Daily Operations

The following are the minimum steps that financial institutions need to take in order to combat modern slavery:

- Incorporate modern slavery risk into country, industry and client risk rating methodologies.
- Introduce within the institution a risk function that is dedicated to social concerns including modern slavery concerns.
- Make investment decisions and recommendations that incorporate the risk of modern slavery within industries.
- Incorporate modern slavery indicators into financial crime investigations and monitoring systems.
- Include modern slavery indicators at customer onboarding and 'KYC' reviews.
- Have a dedicated point person(s) within the institution who is a subject matter expert on modern slavery, and can coordinate all internal activities related to the topic and external stakeholder engagement.
- Conduct tailored training for all appropriate staff (see below).
- Actively engage and invest in initiatives to raise the industry standard globally, such as data-sharing, developing new technologies, advocacy and promotion of responsible business practice in relation to modern slavery.
- Recognise and reward proactive anti-slavery efforts from staff and departments.

Training

All staff of the financial institution should receive a copy of the Banks Alliance paper for their region. General awareness training of the issue should be delivered to all staff in the institution so that they are aware of:

1. Key definitions and illustrative case studies.
2. How their daily role is impacted by modern slavery risk.
3. Steps that they can take to combat this risk.
4. Processes for reporting unusual or suspicious activity.
5. Details on where to source more information on the topic.
6. Escalation procedures in cases of uncertainty.
7. Specialist dedicated training should be delivered to teams that require a more in-depth understanding of the topic in order to manage the operationalisation of the indicators presented in this paper (examples include):
   - Senior leadership
   - Front-line staff & relationship managers
   - Financial crime investigations and monitoring teams

- Support staff
- Risk and compliance teams
- Investment managers
- CSR teams

Where appropriate, understanding of modern slavery risk should be communicated to clients, to empower them in understanding their supply chain, or to make socially responsible investment decisions that consider modern slavery risk as a core element.

Suspicious Transaction Reporting (STR)

Processes by which suspicious activity is reported varies by institution and by country. There will also will be some variation in the type and scope of information provided by financial institutions depending upon the nature of their operations and the information available. The Asia Pacific Banks Alliance has compiled a set of recommendations to encourage effective Suspicious Transaction Reporting.

A clear categorisation method is required to signal that the report is related to possible modern slavery activity. For ease of investigation it is suggested that this categorisation separates out the following terms found within the broader umbrella of 'modern slavery', to allow for more focused investigation:

- Forced labour
- Forced commercial sex work
- Child labour

Incorrectly, some STR reporting forms/ guidelines combine 'human trafficking and migrant smuggling' into one category. It must be noted that migrant smuggling and human trafficking are two distinct crimes and must be treated as such. Migrant smuggling, whilst illegal is voluntarily undertaken by the migrant, human trafficking is an involuntary event that is imposed upon the victim by force, fraud, or coercion. Whilst some smuggled migrants may become victim to human traffickers during their journey, it is vital to understand the distinction between the two events and report as such to facilitate an effective and appropriate response.

All staff must be trained to understand the process within their institution and country to internal reporting processes and the links to a possible STR. The teams responsible for generating STRs should understand the process to complete the appropriate documentation including the paperwork requirements, channel for reporting, and the information that they must incorporate in order to allow the receiving law enforcement to fully understand the situation. STR reports must be as detailed as possible.

Those handling the STRs must receive specialist training on trafficking/ modern slavery/ migrant smuggling etc. to understand the contents of STR reports, the differences between the issues being reported, and instigate the appropriate legal response.

Those handling the STRs should be equipped with the appropriate legislative powers to identify and where needed to prosecute modern slavery related crimes to an international standard. This legislation should also include victim protection measures to ensure that victims of trafficking are identified and cared for as such.

Information Sharing

In identifying and reporting possible modern slavery risk in their institution's existing or prospective client base, financial service professionals are contributing to the fight against modern slavery, but only to a limited extent unless there is an appropriate degree of information sharing that exists alongside these activities. Modern slavery is often undertaken by criminal networks, the most sophisticated of which span countries and territories and will have funds in numerous bank accounts across many financial institutions. In other cases the groups engaged with slavery may consist of just one or a handful of individuals. The proceeds from this crime may be laundered through the bank accounts of seemingly innocuous small businesses or individuals, too small to initially be considered a risk but which keep this multi-billion-dollar industry operational nevertheless. By its very nature, modern slavery is challenging to detect, with no country immune to this crime that is notoriously successful in remaining hidden in plain sight. In order to begin to tackle this complex web of criminal enterprises, gangs, and nefarious actors, financial institutions and their partners and stakeholders must share information:

- Financial institutions must share information with the relevant law enforcement agencies to facilitate prosecution.
- There should be mechanisms in place for institutions to share identified threats and blacklist known offenders.
- Institutions should share investigation case studies and success stories, to assist others with refining their systems to identify illicit activity.
- External data providers should share with financial institutions any data that would assist in client screening and monitoring, such as human trafficking related negative news.
- NGOs, law enforcement, and financial institutions should share typologies of modern slavery.

This crime is constantly evolving, so understanding trends in certain countries or industries is necessary to keep pace with these changes and understand where the risks lie.

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.

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.

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.

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** Victim 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 Explanation	Commercial/Retail 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/letters 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 true 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 commercial sexual activity include advertisements for 'spa' or 'massage' treatments (if outside of expected business 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	Negative news hits related to the customer and/or parties connected to the account. Recommended search terms that are general to modern slavery include: • 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 • Pimping/pimp • Indentured labour/labor It is also recommended that search terms include high risk industries and/or country combinations.
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 of 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

Transaction 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 activity 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 usual 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	Victim identification/ trafficker identification

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/banks draft • Round transfers of funds between two accounts • Same-amount transfers into and 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 the 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/ money laundering

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: • 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 wage.
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

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 of 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 prostitution 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 the industry standard
T3		✓	✓		Income of the personal account owner is significantly higher than expected
T4	✓	✓			Payments made to/received from blacklist 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
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 wage.

Industry Risk

Indicators should be considered within industry context. Some industries have a higher prevalence of modern slavery and as such may be considered a higher risk. The following is a non-exhaustive list of the industries that are considered to have a high prevalence of modern slavery in the Asia Pacific region, accompanied by sources for reference and educational purposes.

Agriculture

Modern slavery in agriculture is widespread and is found in a wide range of agricultural types across Asia Pacific. Businesses that have exposure to the following industries either directly or through their supply chains may be at risk of modern slavery exposure (a non-exhaustive list) :

- Commercial and subsistence farming
- Fruit picking
- Crops harvested for human consumption and livestock feed
- Cotton
- Hemp
- Crops for producing oil such as corn and palm fruit
- Sugarcane
- Rice
- Coffee and tea
- Tobacco
- Rubber

Further reading:
Source: *US Department of Labor*
A detailed list of goods that have been identified as having a higher risk of being produced using child and/or forced labour.
Link: www.dol.gov/ilab/reports/child-labor/list-of-goods/

Brick Kilns

Workers in brick kilns are vulnerable to modern slavery; often, entire families are found working together in the kilns in a situation of bonded labour.

Further reading:
Source: *Anti-Slavery International* Description of modern slavery in brick kilns. **Link:** www.antislavery.org/what-we-do/india-debt-bondage/

Source: *Free The Slaves*
Collection of modern slavery related posts tagged with 'brick kiln'.
Link: www.freetheslaves.net/tag/brick-kiln-slavery/

Source: *Thomson Reuters Foundation*
Article about combatting slavery in brick kilns in India.
Link: http://news.trust.org/item/20180419081044-udua0/

Commercial Sex Work

Victims of trafficking into sex may become involved in selling sexual services on the streets, in bars/massage parlours, in residential brothels, at hotels, via online advertisements and/or escort services. In addition, commercial sex work may include online webcam sites and pornography production.

Further reading:
Source: *Polaris*
Key statistics on commercial sexual exploitation.
Link: www.polarisproject.org/human-trafficking/sex-trafficking

Child Sexual Abuse

Child sexual abuse involves the abuse of minors for the purpose of commercial sexual exploitation, covering child sex work both online and offline, as well as the production of child pornography.

Further reading:
Source: *Financial Coalition Against Child Pornography*
Collection of papers and sources on the link between the financial world and child pornography.
Link: www.icmec.org/fcacp/
Source: *UNICEF*
Examination of existing research on child abuse.
Link: www.unicef.org/eapro/Child_Maltreatment.pdf

Construction

Modern slavery in construction can be found in large-scale construction projects as well as smaller and domestic projects. The common use of subcontractors in construction can make understanding the true source of labour and treatment difficult for owners of the project.

Further reading:
Source: *Lexis Nexis*
White paper explaining modern slavery in the construction industry.
Link: bis.lexisnexis.co.uk/pdf/whitepapers /
Modern_Slavery_in_Construction_Full.pdf

Domestic Servitude

Domestic workers are a common feature of many households across Asia Pacific. Workers often travel to new cities, or across borders, in order to secure a job. However, in some cases these workers are exploited and forced into bonded labour during this time, often as a result of illegal contracts and excessive recruitment fees. Workers that receive low wages are also vulnerable to trafficking into commercial sex work as they seek additional income.

Further reading:
Source: *Anti-Slavery International*
Description of modern slavery and domestic servitude.
Link: www.antislavery.org/slavery-today/domestic-work-and-slavery/

Fishing

Modern slavery in fishing has been found in Asia Pacific. Often, illegal fishing boats will spend months at a time at sea, and some workers who board these boats do not survive the grueling and often violent conditions onboard.
In addition to fishing vessels, fish processing factories are also known to have used forced labour in assembly chains.

Further reading:
Source: *The Marine Ingredients Organisation*
Description of modern slavery in the fishing industry.
Link: www.iffo.net/modern-slavery-fishing-sector

Food Packing and Processing

The food packing and processing industries have seen modern slavery in their factories and plants, whereby workers are forced to work long hours in terrible conditions, to pay back debts incurred or for little or no pay.

Further reading:
Source: *Norton Rose Fullbright*
Analysis of the issue of modern slavery in the fresh food, retail, wholesale and agriculture industries.
Link: http://
www.nortonrosefulbright.com/
knowledge/publications/157741/food-for-thought-the-modern-slavery-acts-impact-in-fresh-food-retail-wholesale-and-agriculture

Hotels

The hotel industry may inadvertently facilitate illicit activity, as traffickers may use the rooms to keep their victims, often for use in commercial sexual services. In addition, the hotel industry has a number of roles that are particularly vulnerable to modern slavery situations, such as cleaning staff, refuse processing and kitchen staff.
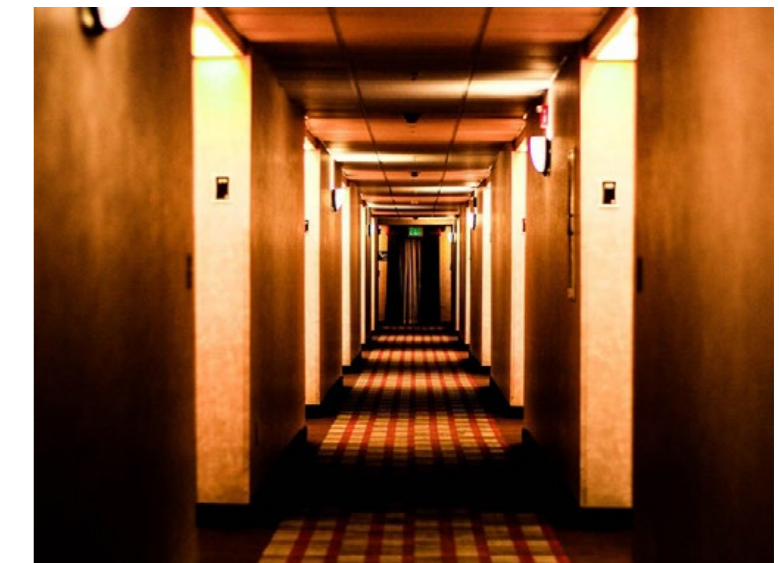
Further reading:
Source: *Shiva Foundation*
Resources to help with understanding and combatting modern slavery in the hospitality industry.
Link: http://
www.shivafoundation.org.uk/

Mining

Modern slavery is found in the supply chains for various products that use mined minerals. A key example is cobalt, which is used in the production of lithium batteries that are part of the assembly of consumer goods such as smart phones.

Some examples of mining categories known to have a higher risk of child and/or forced labour include:

- Coal
- Cobalt/coltan (used in lithium batteries)
- Precious metals: gold, silver, platinum etc.
- Gemstones: diamonds, tanzanite, rubies etc.

- Iron
- Copper
- Mica
- Salt

Further reading:
Source: *Verite*
A breakdown of high-risk commodities and the countries in which modern slavery is known to occur in their production/extraction.
Link: www.verite.org/commodity-atlas/

Source: Thomson Reuters Foundation
Report on forced labour in mica mining.
Link: http://news.trust.org/shorthand/mica/

Source: *Hermes Investment Management*
Report on known modern slavery and human rights abuses in the cobalt mining industry. **Link:** www.hermes-investment.com/ukw/wp-content/uploads/sites/80/2017/11/Hermes-Modern-Slavery-Take-Note-Cobalt.pdf

Source: *Amnesty International*
Report examining child labour in the cobalt mining industry.
Link: www.amnesty.org/en/documents/afr62/3183/2016/en/

Source: *Human Trafficking Search*
Description of modern slavery in the mining industry.
Link: www.humantraffickingsearch.org/ forced-child-labor-in-the-mining-industry/

Source: *International Labour Organization*
Description of modern slavery in gold and salt mining.
Link: http://www.ilo.org/inform/online-information-resources/research-guides/economic-and-social-sectors/energy-mining/mining/lang--en/index.htm

Source: *International Council on Mining and Materials*
Description of modern slavery in the mining industry.
Link: www.icmm.com/en-gb/case-studies/action-against-modern-slavery

Health and Beauty

Modern slavery in the health and beauty industry is known to exist in establishments such as spas, massage parlours and nail salons. Victims may be attracted to a new city or country with the promise of a new job but upon arrival may find themselves in a bonded labour situation. Some of these establishments may also act as fronts for brothels as well as a means through which the proceeds of the illicit activity may be laundered.

Further reading:
Source: *Polaris*
Report on modern slavery in massage parlours.
Link: www.polarisproject.org/massage-parlor-trafficking-report

Manufacturing: Garments

Modern slavery in the manufacture of garments is widespread, affecting tier 1 and tier 2 factories. This is driven by demand for cheaply produced goods. The use of contractors creates many challenges for manufacturers and retailers in identifying modern slavery within their supply chains.

Further reading:
Source: *Human Rights Watch*
Report on transparency in the apparel industry.
Link: www.hrw.org/world-report/2018/ essay/ transparency-in-apparel-industry

Manufacturing: Electronics

There is evidence of modern slavery activity in factories that assemble electronic goods, as well as in the supply chains of these factories. The complexity of components of many electronic goods makes understanding the supply chain particularly challenging for manufacturers and retailers.
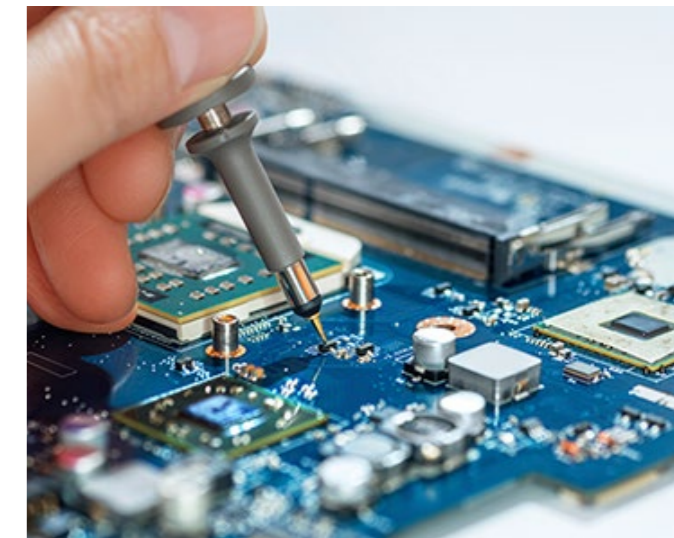
Further reading:
Source: *Verite*
Report on modern slavery in the electronics industry. **Link:** www.verite.org/wp-content/uploads/ 2016/11 VeriteForcedLaborMalaysianElectronics2014 . pdf

Source: *Thomson Reuters Foundation*
Video about modern slavery in headphone manufacture.
Link: https://www.youtube.com/watch?v=Kfd_oC-Ra6E

Manufacturing: Other

Modern slavery is found in a wide range of manufacturing processes, including components, toys and consumer goods. The majority of manufacturing uses tier 1 and tier 2 factories, and as a result the end user may not fully understand the supply chain of the end product.

Further reading:
Source: *Anti-Slavery International*
Examination of supply chain transparency.
Link:www.antislavery.org/slavery-today /
slavery-in-global-supply-chains/

The conditions of the shipping industry, such as significant international travel and extensive periods of reduced contact with the outside world leave it vulnerable to modern slavery risk.

Further reading:
Source: *Foreign Policy Blogs*
Article on modern slavery in shipping.
Link: www.foreignpolicyblogs.com /2016/ 08/07/ modern-slavery-sea-forced-labor/

Source: *Business & Human Rights Resource Centre* Resources on modern slavery in shipping.
Link: http://www.business-humanrights.org/en/ maritime-labour-convention-comes-into-force-protects-over-1-million-workers-on-merchant-passenger-ships-obiageli-ezekwesili-argues-similar-initiative-needed-for-workers-in-fishing

Country Risk

The Global Slavery Index (2018)[6] estimates that 66.4% of the total global victims of modern slavery reside in Asia Pacific. This index, developed by the Walk Free Foundation and the ILO, takes 24 indicators and provides estimates of the percentage of the population of each country in modern slavery at any given time. This index may be referred to when considering country-level risk of modern slavery. Please note that the following rankings are based on a 2018 data set compiled by the Global Slavery Index[7].

Rank	Country	Estimated prevalence (victims per 1,000 people)
1	Korea, Democratic People's Republic of (North Korea)	104.6
2	Afghanistan	22.2
3	Pakistan	16.8
4	Cambodia	16.8
5	Iran, Islamic Republic of	16.2
6	Mongolia	12.3
7	Myanmar	11.0
8	Brunei Darussalam	10.9
9	Papua New Guinea	10.3
10	Lao People's Democratic Republic	9.4
11	Thailand	8.9
12	Philippines	7.7
13	Timor-Leste	7.7
14	Malaysia	6.9
15	India	6.1
16	Nepal	6.0
17	Indonesia	4.7
18	Viet Nam	4.5
19	Bangladesh	3.7
20	Singapore	3.4
21	China	2.8
22	Sri Lanka	2.1
23	Korea, Republic of (South Korea)	1.9
24	Hong Kong, China	1.4
25	Australia	0.6
26	New Zealand	0.6
27	Taiwan, China	0.5
28	Japan	0.3

6. http://microdata.worldbank.org/index.php/catalog/2938/datafile/F1/V1

7. https://www.globalslaveryindex.org/2018/findings/regional-analysis/asia-and-the-pacific/

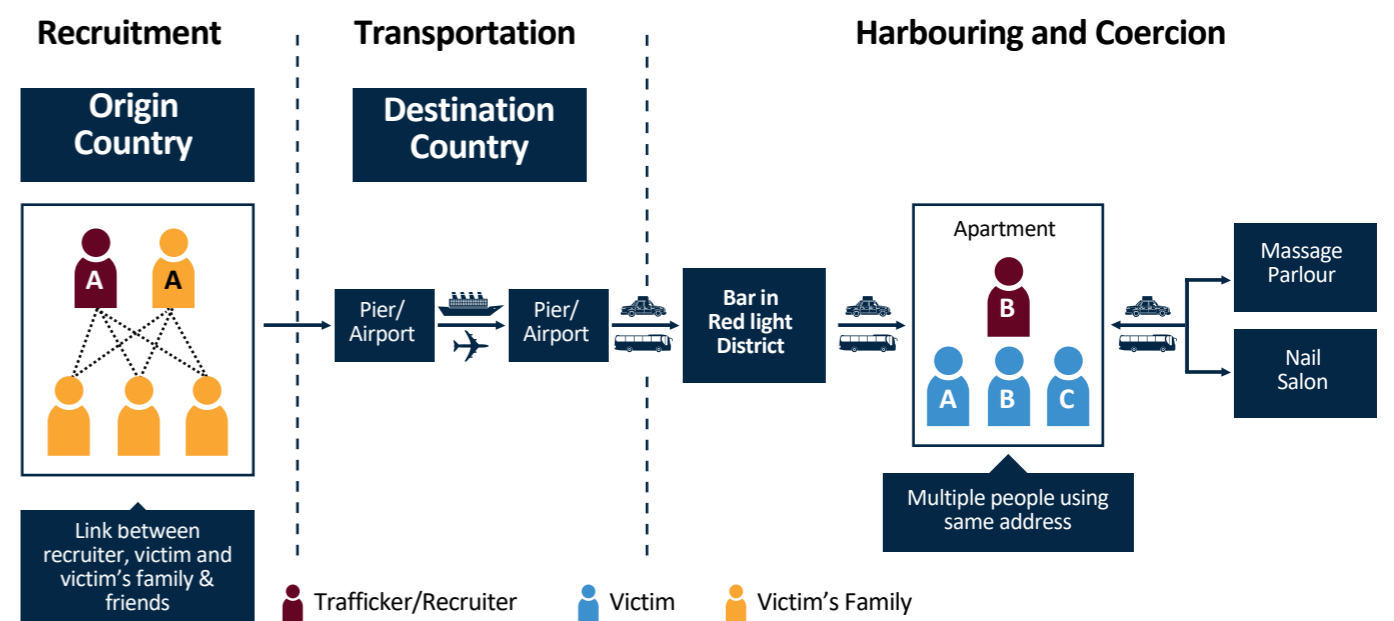| Country	2018 Tier	2017 Tier	Trend	Source/Transit/Destination	Child Abuse	Official Complicity	Forced Labour	Forced Marriage	Migrant Slavery	Debt Bondage	Sex Work
Afghanistan	T2	T2	↔	Source, Transit, Destination	✓						✓
Australia	T1	T1	↔	Destination			✓	✓	✓	✓	✓
Bangladesh	T2 WL	T2 WL	↔	Source, Transit, Destination	✓	✓	✓		✓	✓	✓
Bhutan	T2 WL	T2	↘	Source, Destination					✓	✓	✓
Burma	T3	T2 WL	↘	Source	✓	✓	✓		✓	✓	✓
Cambodia	T2	T2	↔	Source, Transit, Destination	✓		✓		✓	✓	✓
China	T3	T3	↔	Source, Transit, Destination			✓	✓	✓		✓
Hong Kong	T2 WL	T2 WL	↔	Source, Transit, Destination			✓		✓	✓	✓
India	T2	T2	↔	Source, Transit, Destination	✓	✓	✓	✓			✓
Indonesia	T2	T2	↔	Source			✓		✓		✓
Japan	T1	T1	↔	Source, Transit, Destination			✓		✓		✓
Laos	T3	T2 WL	↘	Source	✓	✓	✓	✓	✓		✓
Macau	T2 WL	T2 WL	↔	Transit, Destination					✓	✓	✓
Malaysia	T2 WL	T2	↘	Destination			✓			✓	✓
Maldives	T2 WL	T2	↘	Destination	✓					✓	✓
Nepal	T2	T2	↔	Source, Transit, Destination			✓	✓	✓		✓
North Korea	T3	T3	↔	Source			✓	✓	✓	✓	✓
Pakistan	T2	T2 WL	↗	Source, Transit, Destination			✓	✓	✓	✓	✓
Philippines	T1	T1	↔	Source	✓	✓	✓			✓	✓
Singapore	T2	T2	↔	Destination			✓		✓	✓	✓
South Korea	T1	T1	↔	Source, Transit, Destination			✓		✓		✓
Sri Lanka	T2	T2	↔	Source, Destination	✓	✓				✓	✓
Taiwan	T1	T1	↔	Destination	✓		✓			✓	✓
Thailand	T2	T2 WL	↗	Source, Transit, Destination	✓	✓	✓		✓	✓	✓
Vietnam	T2	T2	↔	Source			✓	✓	✓	✓	✓

The US Department of State's Trafficking in Persons (TIP) Report 2018[8] evaluates 12 minimum standards defined in the US Victims of Trafficking and Violence Protection Act of 2000 (TVPA): **Tier 1 (T1):** Jurisdictions that fully meet the minimum standards defined in the US TVPA.
Tier 2 (T2): Jurisdictions that do not fully meet the TVPA's minimum standards but are making "significant efforts" to meet those standards.
Tier 2 watch list (T2WL): Jurisdictions that do not fully meet the TVPA's minimum standards but are making "significant efforts" to meet those standards, and:
- The absolute number of victims of severe forms of trafficking is very significant or is significantly increasing;
- There is a failure to provide evidence of increasing efforts to combat severe forms of trafficking in persons from the previous year; or
- The determination that the jurisdiction is making "significant efforts" is based on commitments made to take additional steps over the next year.
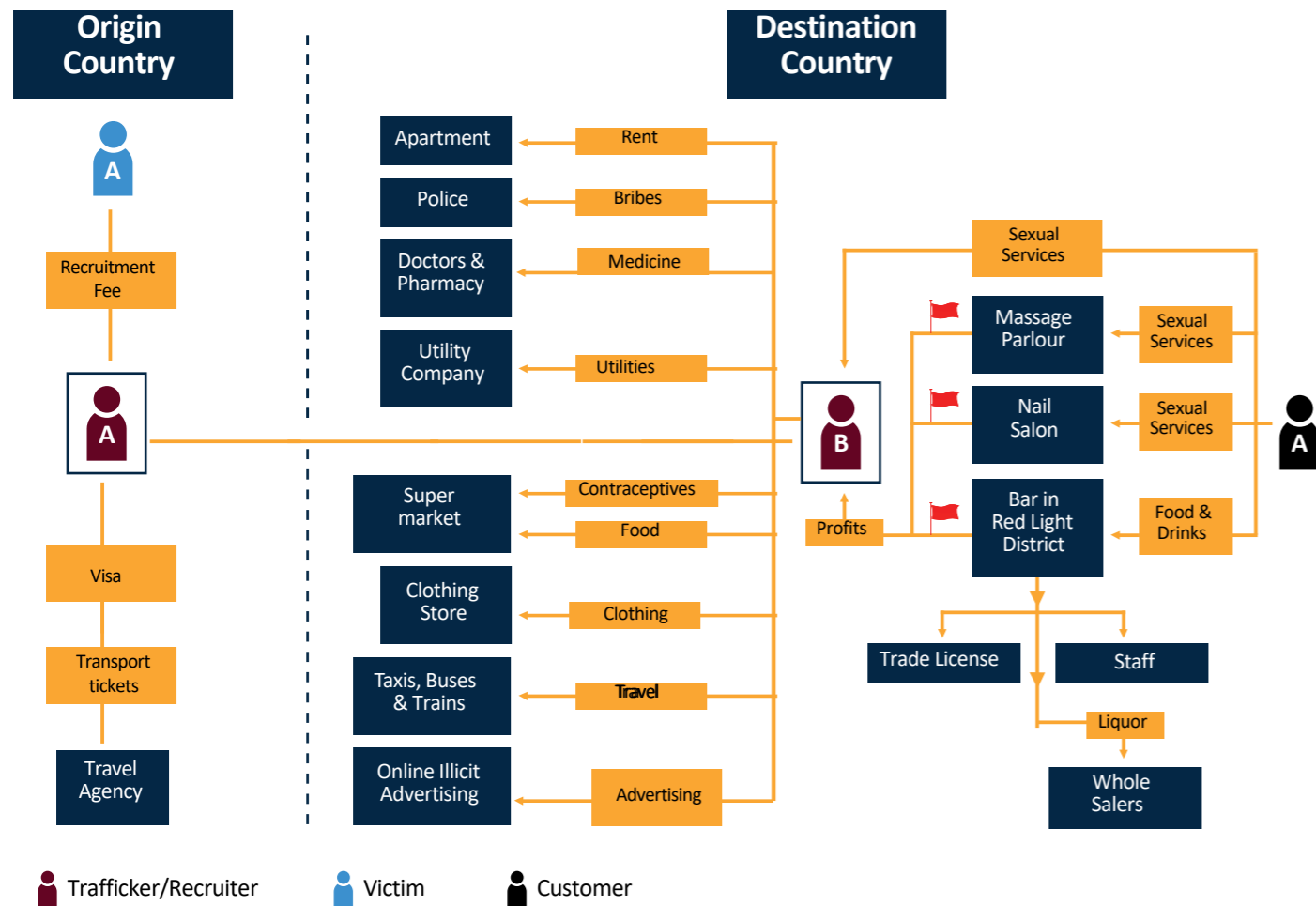
Tier 3 (T3): Jurisdictions that do not fully meet the TVPA's minimum standards and are not making significant efforts to do so.

8. https://www.state.gov/j/tip/rls/tiprpt/2018/

Typologies

The following are some examples of a typical journey of a modern slavery victim in some example industries. These typologies are based upon numerous case studies gathered by the Mekong Club which have been amalgamated and anonymised to create a description of the kind of experience that a victim within these industries might have. They are by no means comprehensive but give illustration of how people find themselves in situations of forced labour in Asia Pacific.

Commercial Sexual Exploitation

The victim is recruited in her home country by a family friend and promised an attractive new job in a city in a new country. She takes the offer with the hope that she can earn money to send home to her family. The recruiter asks for a fee to assist with securing this new job. This recruiter is part of a wider criminal network looking for willing employees, and is paid for his services by employers.

She travels willingly to the new country. Once she arrives, her passport is taken from her and she is informed that she owes her traffickers money for the costs incurred during the journey. She cannot afford to repay this debt so she is told that she must work in a local bar to raise the funds. It soon becomes clear that she must sell sexual services to earn enough money to pay them back. If she refuses or objects she is beaten and her employers threaten to harm her family. The bar is located in a well-known red light district in the city.

She is forced to have sex with numerous clients, giving the cash that she earns to her employers. She is forced to take drugs with clients, which results in dependence and further debts. She is afraid to escape for fear of harm coming to herself or her family, and for fear of the authorities discovering the nature of the work that she has been doing.

Her employers advertise her for sex on local websites, making card payments for these advertisements. When she meets with clients, they pay in cash which is passed to her employer. She is housed with many others in the same situation, and they are forced to work by day in massage parlours and nail salons that act as fronts for brothels and a means through which to launder the proceeds. All of the victims have been forced to open bank accounts, all of which are under control of one individual, who uses the accounts to further launder cash.

The flow of people

The flow of money

Origin Country — Destination Country

(Diagram labels: Apartment/Rent, Police/Bribes, Doctors & Pharmacy/Medicine, Utility Company/Utilities, Super market/Contraceptives/Food, Clothing Store/Clothing, Taxis, Buses & Trains/Travel, Online Illicit Advertising/Advertising, Recruitment Fee, Visa, Transport tickets, Travel Agency, Sexual Services, Massage Parlour, Nail Salon, Bar in Red Light District, Profits, Trade License, Staff, Liquor, Whole Salers, Food & Drinks)

Trafficker/Recruiter | Victim | Customer

Commercial Sexual Exploitation

B1: Victim's ID removed from her possession.
B2: Signs of physical abuse on customers who come into a branch or on staff in a bar/massage parlour/nail salon.
B8: Businesses being used as fronts for commercial sexual activity.

D3: Trafficker controls multiple people's bank accounts.
D4: Multiple business types being used to launder proceeds of forced commercial sex.
D5: Multiple retail accounts opened but control of the accounts is with the traffickers.
D6: Many victims being housed at the same address.

T1: Payments made to local sex websites for advertising.
T2: Bar/massage parlour/nail salon making unusually high profits considering the industry standard.
T5: Multiple payments for hotel rooms made in the same night.
T6: Workers in bars/massage parlours/nail salons being flown into the country from high-risk countries.
T7: Unusually high cash levels indicating illicit activity.
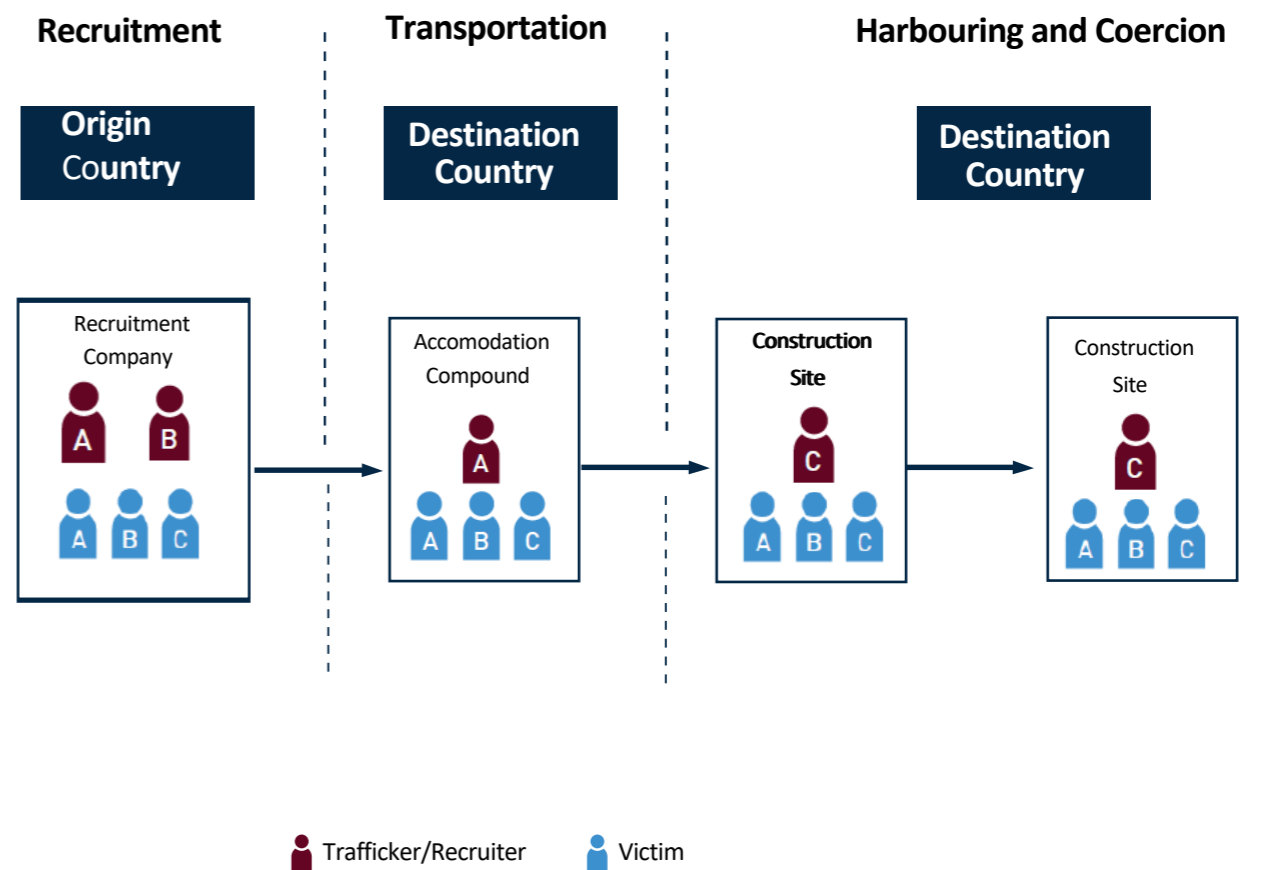**T8:** Massage parlour/nail salons depositing cash in the early hours of the morning.

Construction

The victim hears of well-paid jobs in a nearby country working on large-scale construction projects. Because of the scale of the building task, many subcontractors are used on the same project, providing labour for carpentry, bricklaying, hod-carrying and similar manual work. These subcontractors often use labour brokers to find suitable labour, and the victim is approached by one of these labour brokers who promises good pay, accommodation, food, and a fixed contract to work until the project is complete.
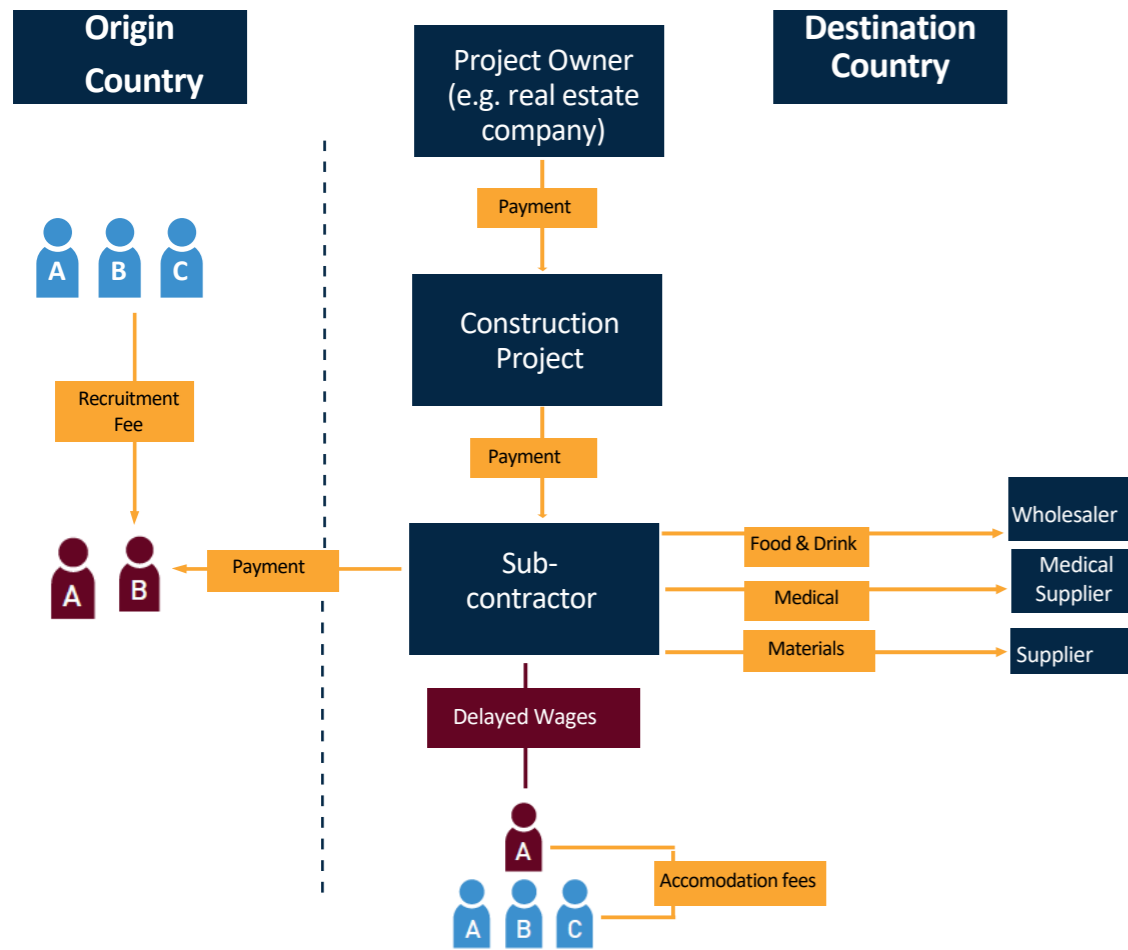
The victim takes out a small loan to pay the recruitment fee to the labour broker, who in turn is financially rewarded by the subcontractor for sourcing cheap labour. The victim travels to the construction site willingly. When he arrives, his passport is taken from him. He is told that he will receive the full wage payment in a lump sum when the project ends. He lives in cramped, squalid accommodation shared with many other migrant workers. If any of the workers become ill or injured, they are dismissed from the site without pay. They are unable to escape as they are told to do so would be a visa violation and would result in imprisonment. The project owners are unaware of the labour violations happening on their site as they have not carried out due diligence on their subcontractors' hiring practices, and are not aware that this company is known for illicit activity.

When the project ends, the workers will not receive the pay that they are due, but will still be in debt due to costs incurred to get the job. In addition, they may be informed that they owe further money for food and accommodation over the previous months. In order to repay this debt, they are passed on to another project and the cycles continues.

The flow of people

Recruitment | Transportation | Harbouring and Coercion

Origin Country — Destination Country — Destination Country

(Diagram labels: Recruitment Company, Accommodation Compound, Construction Site, Construction Site)

Trafficker/Recruiter | Victim

The flow of money

Construction

B2: Workers on the site are injured, malnourished or show signs of abuse.
B7: Areas of the construction site, including accommodation, are off-limits to visitors.

D1: The construction subcontractor has negative new hits against its name and/or uses labour brokers with negative news.

T4: The subcontractor uses recruitment agencies/subcontractors with negative news.
T11: Labour brokers in high-risk countries are being used, which indicates sourcing from vulnerable/migrant populations.

Garment Manufacturing

The victim comes from a rural area with few economic prospects, so pays a fee to a recruiter, along with others from her village, to secure a job in a nearby garment factory.

When she arrives at the factory, her identification documents are confiscated and she is put to work in terrible conditions, sewing garments by hand. The workers on the factory floor are given impossibly high quotas to fill each day, and failure to meet them results in a reduction in their daily pay rate. These consistent deductions, plus deductions made for food and accommodation costs made by her employers, result in payments that are far below the minimum wage. Sometimes the workers are moved between factories in the local area, and bought and sold where demand drives a need for higher output at lower prices. Sometimes the factory will outsource their manufacturing to subcontractors, further complicating the supply chain.

The factory that she works for has an agreement with a number of retailers, who often place orders via agents and have little understanding of the true working conditions within the factories themselves.
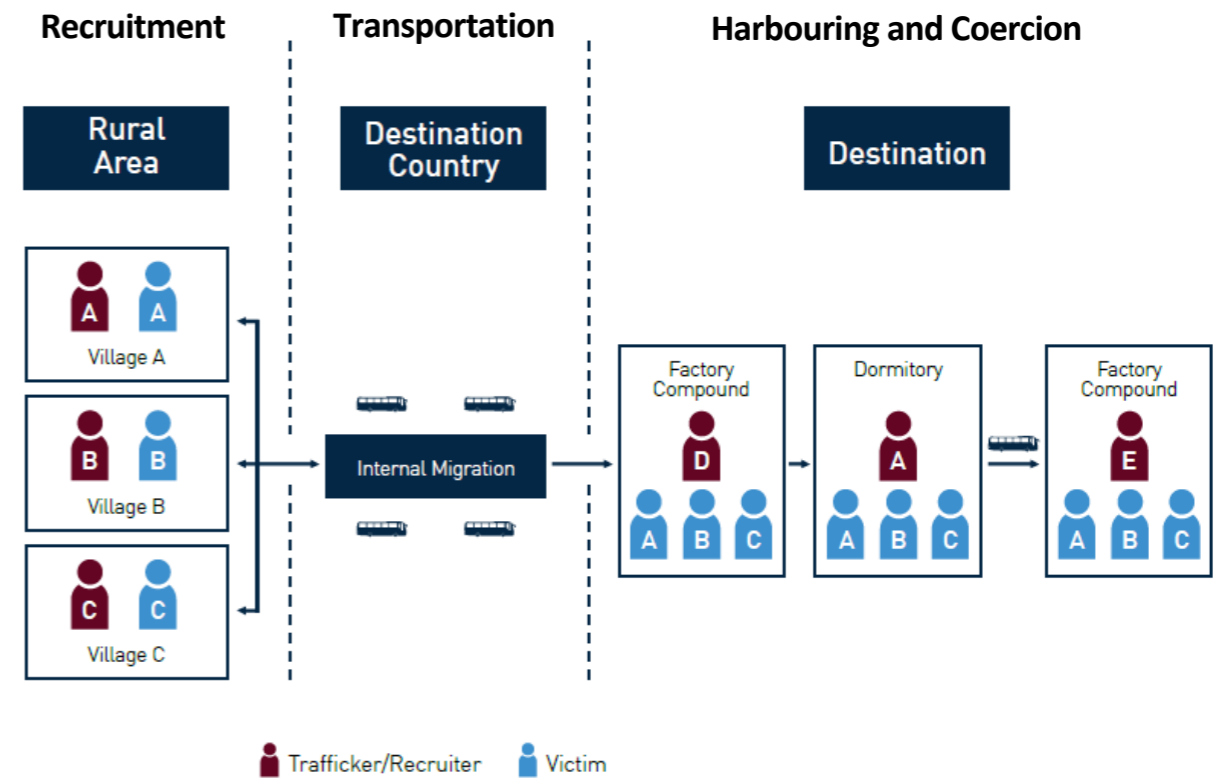
The flow of money
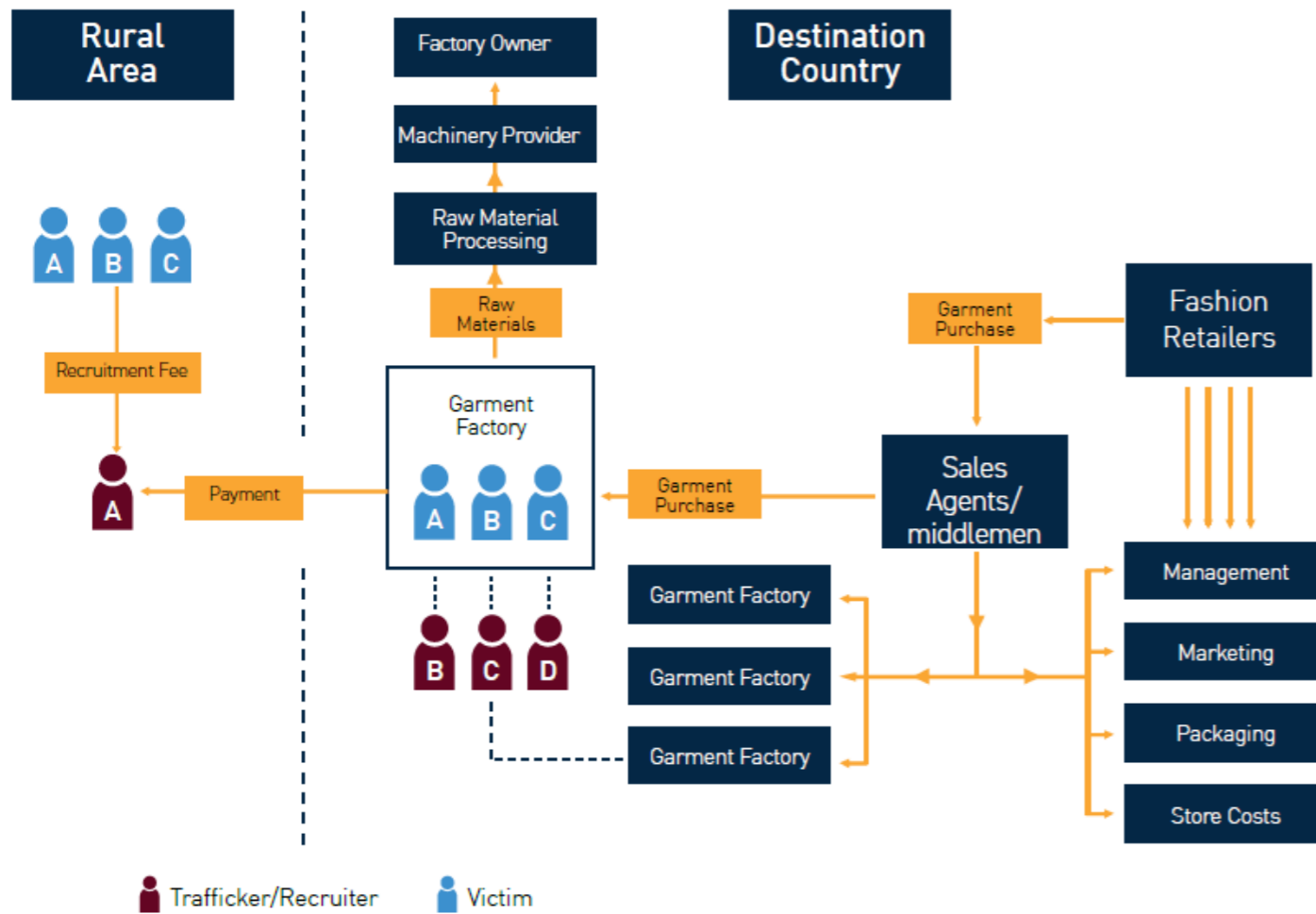
Garment Manufacturing

B2: Workers in the factory are injured and malnourished.

B7: Parts of the factory are hidden and inaccessible to visitors with no good reason. The factory owner keeps visitors from speaking directly to workers.

D1: Suppliers to a garment manufacturer have negative news hits, suggesting a lack of supply chain due diligence.

T2: Factory has unusually high profits considering the industry standard, suggesting that labour costs may be unusually low.

T11: Payments are made to recruitment agencies in higher risk countries, suggesting that cheap migrant labour is being relied upon.

Case Studies

The following are examples provided by members of the Asia Pacific Banks Alliance as examples of modern slavery related investigations that they have conducted to date specific to the Asia Pacific region.

Case Study One

A was found guilty on multiple counts of trafficking people from Country 2 to Country 1 and assisting them to remain in the country unlawfully.

Customer A, along with his wife (Customer B) and a relative were charged with human trafficking offences. Customer B and the relative operated an agency in Country 2 which promoted working holiday schemes to Country 1. These schemes were used to attract the workers to Country 1 under false pretences. The relative has been arrested and charged with multiple offences including money laundering. An arrest warrant has been issued for Customer B.

A bank investigation was carried out into Customer A and related parties, including an associate of Customer A (Customer C), who was also charged with exploiting migrant workers.

Customer A and his wife, Customer B, held a joint personal account in their home country (Country 1) which was used for business activities. Over USD520,000 was transferred into their personal account from multiple business entities over a three-year period. The business entities sending the funds were almost exclusively linked to the labour-intensive construction industry.

The majority of these funds were withdrawn as cash, however there were also multiple transfers made to many different individuals using references of "wages". A number of the individuals claimed to be "students" upon establishing bank accounts.

Around the time that the illegal operation was coming to a close, Customer B purchased an airline ticket, leaving Country 1, and the next day withdrawing cash in Country 2. This activity continued for over 18 months, with approximately USD116,000 withdrawn as cash, still funded by the construction related business credits.

Following the discovery of the illegal operation by authorities, Customer A was ultimately arrested and charged. Upon conviction, larger movements of funds were observed leaving the customers' joint account to an account owned solely by the wife held in Country 2. As a result, ATM withdrawal activity in Country 2 was seen to increase.

Two weeks later, Customer B conducted an ATM withdrawal in Country 3; suggesting the wife may have fled to Country 3. Intelligence made available suggests that Customer B has possibly fled to a fourth country, Country 4.

Customer A's associate, Customer C in Country 1, also exhibited very similar activity with over USD130,000 transferred into personal bank accounts from agricultural businesses. These funds were largely withdrawn as cash, but also transferred to individuals with references of "wages". Customer C also shared his address with labour hire businesses and 13 other individual bank customers, most likely some of the exploited workers.

It appeared that all parties involved were likely profiting from the work conducted by the exploited illegal immigrants in the form of cash withdrawals.

Reports were filed with Country 1's regulator and all investigated parties were de-banked.

Authorities from Country 1 and Country 2 are working with authorities from Country 4 to locate Customer B. The institution identified the following as factors contributing to this investigation:

- Source of funds from labour intensive industries with high levels of industry risk for modern slavery, such as labour hire/construction or agricultural businesses.
- Multiple low value transfers to various third parties with reference of "wages".
- Funds received from labour intensive businesses largely withdrawn as cash.
- Beneficiary of "wage" payments sharing the same address as potential labour hire businesses.
- Use of personal accounts for business purposes.
- Limited or no available open source information available on business entities.
- High risk industry; labour hire.
- Garnishee orders from country tax office.
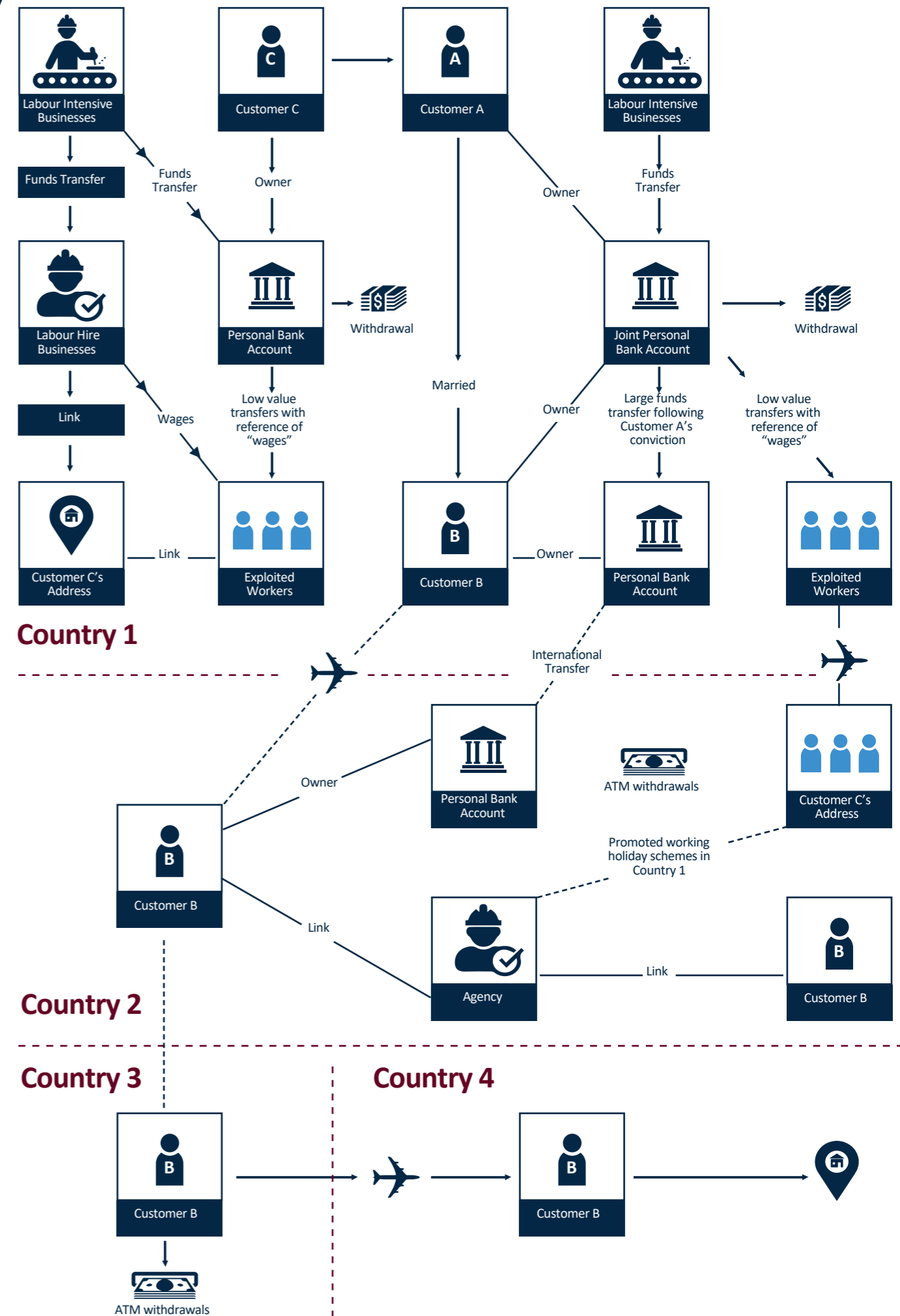
Case Study Two

An account with Bank 1 in Malaysia for a female Ukranian national (Individual 1) who utilised a New Zealand address was flagged because of considerably high-value inward payments originating from an account in the same name at Bank 2 in the UAE which far exceeded her declared income.

A deep-dive transactional review found the accounts of Individual 1 at Bank 1 had likely been used to launder funds, using inter-account movements, layering and the general obfuscation of the trail of funds to move money internationally between the UAE, Thailand, Malaysia, Hong Kong (high-risk countries for human trafficking) as well as New Zealand.

Individual 1 held current accounts with Bank 1 in Malaysia and Hong Kong, Bank 2 in the UAE and Bank 3 in Thailand. The Hong Kong accounts received incoming wires only. These payments were remitted from Individual 1's account at Bank 2 in UAE and from the Ukraine by a person with the same surname as Individual 1. According to the Hong Kong KYC file, Individual 1 was a student. The funds remitted from the UAE were sent with the reference 'savings'. The funds from the Ukraine were sent with the reference 'help for relatives'. The value of funds in the account far exceeded what would be expected for a student. Furthermore the incoming wires were purportedly sent to support Individual 1 yet there were no outgoings on the account which contradicts the premise of the incoming funds.

Individual 1's accounts with Bank 1 in Malaysia saw higher levels of activity indicating their presence was mainly in Malaysia. This account was largely funded by wire payments from Individual 1's account at Bank 2 in the UAE. Expenditure on the account included payments to an advertising agency, cosmetic surgery practice, medical practice and a web hosting company.

Further investigations identified a Hong Kong-based Escort Agency website advertising "premium escort girls" that was registered with an email address that matched Individual 1's personal email address captured on her CDD records with the bank. The discovery also established that the same email address belonged to another Dubai-based female individual (Individual 2), which indicates that Individual 1 and Individual 2 shared email accounts.

Individual 1 was identified to be linked to the beneficial owner of her employer (Individual 3), a male New Zealand citizen who ran an online payment platform and was linked to questionable market practices and fraud allegations in media articles. Individual 1 had remitted funds directly to Individual 3 and made significant transfers to his entities in New Zealand. These transactions did not make any business sense and indicated the presence of a wider international criminal network. Notable transfers to a crypto-currency company were also made by Individual 1.

AHT indicators identified during the course of the investigation included:
a.   Nexus with higher risk countries, including:

i.   Dubai / UAE – according to the US State Department's Trafficking in Person's (TiP) report 2017, the UAE is a Tier 2 country (not fully meeting minimum standards for elimination of trafficking) and is a destination (and transit) country for people subject to forced labour and sex trafficking. The report claims that "legal and regulatory protections for domestic workers remained weak". However, reports of trafficking normally refer to the exploitation of people from South Asia. We have not seen any such links in the transactional activity on our accounts.
ii.   Malaysia – Ranked by the TiP report as Tier 2 and is primarily a destination point for trafficking victims.
iii.   Thailand – Ranked by the TiP report as Tier 2 Watchlist (does not fully meet minimum standards but is making significant efforts to do so) and is designated by the TiP report as a source, destination and transit country for people subjected to forced labour and sex trafficking.
iv.   Hong Kong – Ranked by the TiP report as Tier 2 Watchlist
v.   Intelligence work conducted by Bank 1 identifying the proceeds of human trafficking and modern slavery states there is a known corridor from the ASEAN and South Asia region to the Middle East, where victims may be forced to work in the construction and sex industries.

b.   Customer red flags, including:

i.   Income / deposits are much larger than are usual or reasonably expected for the customer's size or type of business, in this case the profile of a student according to the Hong Kong CDD documentation.

ii.   Family links: our understanding is that many human trafficking / modern slavery networks or criminal gangs are run along family lines. We have seen payments between people who appear to be family members.

c. Product and services risks, including:

i.   Customer holds multiple bank accounts, credit cards and other banking products

ii.   Customer holds an 'excessive' number of personal accounts.

iii.   Unexplained patterns of cross border transactions between known trafficking routes, or higher risk trafficking geographies, where payments are inconsistent with trade or family remittance.

iv.   International transactions in/with geographies at higher risk for trafficking or sexual tourism.

Case Study Three

ABN AMRO Human Trafficking / Exploitation Project ABN AMRO's Security & Integrity Management ("SIM") Department is partaking in a public private partnership with the Dutch Inspectorate of Social Affairs and Employment (Inspectorate SZW) in order to research and refine possible methods as well as financial indicators of human trafficking and exploitation. SIM uses a model to score clients based on the nationality of a select group of risk countries coupled with, for instance, an excessive number of persons registered on the same address, with the same gender, age or source of income. Model-based periodic queries are pro-actively used to detect signals of human trafficking and exploitation, which are tested via transactional review and additional open source research. Unusual transactions are reported to the Dutch Financial Intelligence Unit (FIU), which may report suspicious transactions to the Inspectorate SZW for further investigation.

An example of an Asia Pacific related case study as a result of this collaboration is as follows.

The periodic query flagged five women and three men of Philippine nationality who were about the same age and registered at the same address, as a risk indicator for human trafficking. A transactional review found that the accounts of these persons had limited expense activity, however the account holders did withdraw sums in quick succession. Furthermore, all accounts had the same authorised representative who was the director of a Dutch foundation, suggesting one person was in control of the multiple accounts, which led us to the foundation's board of directors account ("the Client").

A transactional review found that the Client withdrew a total sum of EUR 24, 050 between 2016 and 2017. The Client received transactions from multiple companies active in the horticulture and gardening sector, with invoice numbers included in the payment descriptions. The Client would also receive amounts from private individuals with 'visa costs', 'loan repayment', 'airplane ticket', and 'closure of account' as payment descriptions.

Furthermore, the Client regularly transferred amounts to the Dutch Ministry of Justice as well as fees to the Dutch Immigration and Naturalisation Service. Between 2016 and 2017, the Client transferred a total amount of EUR 42,000 over just three bookings – to an account in the Philippines with 'airplane ticket' as payment descriptions. In addition, the Client regularly transferred amounts to private accounts of the other directors of the foundation with 'refund', 'costs', and 'donation' as payment descriptions. The Client has been reported to the FIU for concerns including human trafficking.

The institution identified the following as factors contributing to this investigation:

- Multiple unrelated individuals residing at the same address.
- Multiple accounts under the control of one person.
- Involvement of high-risk industries.
- Travel costs inconsistent with the expected account activity.

Conclusion

It is evident from the prevalence of modern slavery in the Asia Pacific region that the work of the Asia Pacific Bank's Alliance has just begun its journey with the publication of this white paper. This paper contains a number of recommendations and possible indicators for operationalisation, and will be refreshed periodically with new case studies and indicators as the overall financial service approach to this issue develops in the region.

It is well recognised that modern slavery is a salient global issue, and a challenge to the financial services sector, from the risk of possible money laundering of direct proceeds of modern slavery to investment in supply chains that thrive on the exploitation of workers. This is an issue that persists largely due to its profitability, and financial institutions have a key role to play in establishing a unified global response. This paper will form the basis of efforts by all participating banks to drive forward action, as well as make a concerted effort to reach out to those not involved in this alliance to join the global fight against modern slavery.

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Unless otherwise indicated, all images contained within this paper were obtained from Pixabay.

Appendix 1

The following non-exhaustive list contains examples of money laundering indicators. While these are not specific to modern slavery as a predicate crime, they may disclose connections with modern slavery upon investigation.

Account income that is unusually high considering the nature of the customer's business. Multiple originators/ transactors sending money to a single beneficiary with no clear explanation.
Business accounts receiving payments from otherwise unrelated business types.
Transfers/ cash deposits that are kept just below the related country's reporting threshold.
Individuals associated with an excessive number of accounts with no clear purpose.
Unusually high value of cash deposits considering the nature of the account, with no reasonable explanation.
High value & volume of reloads to prepaid products where funds are quickly withdrawn.
Multiple transactions occurring in locations outside of the expected account activity.
Round transfer of funds between different accounts.
Individual has an unexplained or unjustified lifestyle incommensurate with expected account activity/ income.
Large cash/cheque deposits followed by bulk wire transfers or withdrawals (or vice versa).
Unusually high frequency of ATM deposits.
Rapid transfer of funds into and out of the account.
Addition of an unusual number of individuals as joint account owners or authorised product users, especially when the accounts are not business related.
Customer has no website/ social media where one would be expected.
Dormant account that suddenly becomes active, or active account that suddenly becomes dormant.
Frequent exchange of small to high denomination bills.
Numerous transactions with countries outside of the expected business activity.
Customer is unable to clearly articulate the purpose of the account or the nature of their business.
Customer provides PO box or similar address.
Customer is resistant to providing documents when requested or is uncontactable.
Overpaying on products such as credit cards to then claim the surplus back.
Multiple accounts making repeated transfers to the same party.
Purchase or exchange of large numbers of travellers' cheques or securities for cash.
Multiple cash deposits/ transactions from ATMs in different locations, outside of expected business location.
Transactions between personal and company account with no clear purpose.