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BRIEFINGS



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Role of Middle East Banks in Fighting Human Trafficking

One may not think of human trafficking as a business, but that's exactly what it is – a business that trades in forcing human beings to work against their will.

According to the International Labor Organization (ILO), about 21 million people throughout the world are victims of forced labor who have been deceived or coerced into their jobs and cannot leave. The ILO estimates that there are about 600,000 of these forced workers in the Middle East region.

While forced labor involving sexual exploitation makes more headlines, the majority (68 percent) of forced labor involves economic activities, such as agriculture, construction, domestic work or manufacturing. Twenty-two percent of victims of forced labor are sexually exploited and 10 percent are in state-imposed forms of forced labor, such as in prisons or in work imposed by state or rebel armed forces, according to the ILO.

The ILO estimates that almost half of those 21 million people are being trafficked either within their own countries or across borders.

Trafficking in the Middle East

There are an estimated 25 million migrant workers in the Middle East, with the Gulf

Cooperation countries being the most popular destinations for these workers, according to the Economic and Social Commission for Western Asia.

Restrictive sponsorship laws for foreign domestic workers in the region give employers much power over workers, according to the U.S. State Department's 2013 Trafficking in Persons report. This system can be conducive to abuse by traffickers. Women and children -- who may be forced to work in camel racing, forced begging, and prostitution – are particularly vulnerable in the region, according to the ILO.

Within the Middle East, the United Arab Emirates has received much attention on the issue of human trafficking. More than 90 percent of the labor force in the UAE is made up of migrant workers from other countries, including India, Pakistan, Bangladesh, Nepal, Sri Lanka, Indonesia, Ethiopia, Eritrea, China, Thailand, Korea, Afghanistan, Iran, and the Philippines.

Many female workers travel willingly to the UAE to work as domestic servants, secretaries, beauticians, hotel cleaners, etc., but may find themselves in conditions of forced labor, including unlawful withholding of passports, restrictions on movement, nonpayment of wages, threats, and physical or sexual abuse. Other women are subjected to forced prostitution.

Men are recruited from countries such as India, Sri Lanka, Bangladesh, Pakistan, and Nepal to work in construction and other manual labor in the UAE and some end up in forced labor, including debt bondage due to exorbitant recruitment fees.

The UAE has vastly improved its anti-trafficking efforts, with the central National Committee to Combat

Human Trafficking overseeing such efforts. However, the government is much more focused on sex trafficking than it is on labor trafficking. Victims of labor trafficking, especially men, are much less protected than sex trafficking victims, according to the U.S. State Department.

Leaving a money trail

The fact that trafficking operations are businesses at their core may be a grim reality, but it also means that human trafficking leaves a money trail that can help authorities find traffickers – if they know what to look for.

That's where financial institutions can come in to help combat the problem.

Financial institutions have a huge amount of data. And certain patterns within that data can point to human trafficking activity. Banks can help by identifying telltale data patterns and working with law enforcement authorities once they find the signs of potential trafficking operations.

As Manhattan District Attorney Cyrus Vance told Reuters last May, human trafficking operations leave transactional footprints just like legal businesses do.

“All sorts of electronic and digital fingerprints are left when you have a crime committed or a business enterprise is being run,” said Vance. “Financial institutions are in a unique position to spot red flags in banking activity and report them to law enforcement.” These techniques have been used to fight extremist violence, money laundering, and other crimes, but it is relatively recently that they have been used to fight human trafficking.

JP MorganChase leading the way

JP MorganChase, in particular, has been a leader among banks in this arena and has passed on its techniques to other financial institutions. For example, JP MorganChase led a roundtable discussion in New York City last April that Vance co-hosted with Thomson Reuters Foundation. The conference brought together major financial institutions and law enforcement agencies to discuss closer cooperation in the fight against human trafficking.

In one example from JP MorganChase, the bank uncovered a human trafficking operation during an investigation of several credit card transactions at a nail salon during non-business hours.

Barry Koch, JP MorganChase Managing Director & Associate General Counsel, presented findings about the case at a seminar in Vienna in 2011 focusing on how to use anti-money laundering techniques to fight human trafficking.

According to JP MorganChase, the first step in using these techniques is to identify factors such as businesses, geographic locations, travel routes, customer profiles, and transaction characteristics that can point to trafficking activity. Ultimately, financial institutions can develop investigative protocols and rules-based surveillance of available data based on this type of research.

Examples of common red flags could include cross-border transfers of funds that are inconsistent with the stated business purpose of the financial institution's customer; recurrent business transactions taking place outside the time of known business operations; or a high number of individual accounts opened and closed simultaneously, according to a paper issued by Vance, the Thomson Reuters Foundation and some of the world's leading financial institutions. operations; or a high number of individual accounts opened and closed simultaneously, according to a paper issued by Vance, the Thomson Reuters Foundation and some of the world's leading financial institutions.

Going Forward

While countries in the Middle East, such as the UAE, have made strides in combating human trafficking, there is much more to be done. Financial institutions in the region, following the lead of organizations such as JP MorganChase, could be instrumental in helping to fight the problem by utilizing the vast amount of information at their disposal.

Sources:

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