

Executive Summary

1. In addition to its enormous human cost, human trafficking is estimated to be one of the most profitable proceeds generating crime in the world, with the International Labour Organisation estimating that forced labour generates USD 150.2 billion per year. While in the past, many aspects of the crime went 'unseen', there is now an increased understanding of the breadth and gravity of human trafficking, particularly with respect to domestic human trafficking and human trafficking for labour exploitation. Human trafficking is also one of the fastest growing forms of international crime. The increased displacement and vulnerability of people in, and around, conflict zones increases instances of human trafficking, including potential involvement by opportunistic terrorist organisations.

2. As we learn more about the way human traffickers operate and exploit vulnerable humans, it is clear that this phenomenon affects nearly every country in the world. The Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG) jointly undertook this study to improve global understanding of the financial flows associated with the crime of human trafficking, both as a money laundering predicate and potential source of terrorist financing. This study updates the FATF's 2011 report. This study has brought granularity to indicators of suspected money laundering of the proceeds of human trafficking by separating human trafficking into three categories in line with the *Palermo Protocol*: human trafficking for forced labour, sexual exploitation or for the removal of organs.

3. The project team found that the proceeds from each of these types of exploitation are realised in a different manner, and required different laundering mechanisms. In addition, each of these three types of exploitation could be better understood and detected through the financial activities of the various actors and/or roles involved to conduct each of the three types of exploitation. Further segmentation based on roles and actors provided a second opportunity to develop a more detailed understanding of the offence. The report also provides a more precise set of global money laundering indicators for use by reporting entities, financial intelligence units and other national authorities.

4. This study also identifies the challenges national authorities frequently face in detecting, investigating and prosecuting money laundering and terrorist financing from human trafficking. The study identifies good practices, and in particular the two primary good practices, to mitigate some of these challenges:

- **Assess the diverse money laundering risks from human trafficking, share with stakeholders and ensure that they're understood**
- **Leverage expertise, capabilities and information through partnerships between the public sector, private sector, civil society and NPO communities.**

5. This study updates the FATF Global Network's understanding of the financial flows from human trafficking, and provides tangible indicators and best practices for national authorities to improve their effectiveness in combatting money laundering and terrorist financing from human trafficking (see Annex B). While our

understanding is improved, it is by no means complete. This study therefore concludes with practical next steps to develop further precision to the financial flows from human trafficking, both at the global level, and at the regional/national level.