

Financial Intelligence against  
Human Trafficking

# GUIDE

# Glossary

<b>CSAM</b>	Child Sexual Abuse Material
<b>CSE WS</b>	Child Sexual Exploitation Work Stream
<b>CTHB</b>	Office of the OSCE Special Representative and Co-ordinator for Combating Trafficking in Human Beings
<b>ECPAT</b>	End Child Prostitution and Trafficking
<b>EFIPPP</b>	Europol Financial Intelligence Public Private Partnership
<b>FIAHT</b>	Financial Intelligence Against Human Trafficking
<b>FinCEN</b>	Financial Crimes Enforcement Network
<b>FIUs</b>	Financial Intelligence Units
<b>FIZ</b>	Trafficking in Women and Women's Migration Centre
<b>FSMM</b>	Specialised Unit against Human Trafficking and Smuggling of Migrants – fedpol
<b>ILO</b>	International Labour Organisation
<b>IWF</b>	Internet Watch Foundation
<b>KYC</b>	Know Your Customer
<b>MROS</b>	Money Laundering Reporting Office Switzerland
<b>NGO</b>	Non-governmental organisation
<b>OSINT</b>	Open-Source Intelligence
<b>OSCE</b>	Organisation for Security and Co-operation in Europe
<b>PPP</b>	Public Private Partnership
<b>P2P</b>	Peer-to-Peer
<b>SECO</b>	State Secretariat for Economic Affairs
<b>SCHR</b>	Swiss Centre of Expertise in Human Rights
<b>SPOC</b>	Single Point of Contact
<b>THB WS</b>	Trafficking in Human Beings Work Stream
<b>ZSMM</b>	Central Office for Combating Trafficking in Human Beings and Smuggling of Migrant – fedpol

# Table of contents

<b>I</b>	<b>PROJECT FINANCIAL INTELLIGENCE AGAINST HUMAN TRAFFICKING (FIAHT)</b>	4
	<b>1. Background</b>	5
	<b>2. Project objectives</b>	6
	<b>3. Working groups</b>	6
	<b>3.1</b> Internal fedpol Working Group	6
	<b>3.2</b> Financial Intelligence Units Working Group	7
	<b>3.3</b> Law enforcement authorities Working Group	7
	<b>3.4</b> Financial intermediaries Working Group	8
	<b>3.5</b> NGO Working Group – sub-project with Victras	8
<b>II</b>	<b>GUIDE</b>	9
	<b>1. Legal basis, forms of exploitation and money laundering practices of offender groups</b>	10
	<b>1.1</b> Legal basis	10
	<b>1.2</b> Forms of exploitation and their prevalence in Switzerland	12
	<b>1.3</b> Money laundering practices of offender groups	16
	<b>2. Indicators of human trafficking and related offences and their practical application</b>	17
	<b>2.1</b> Indicators	17
	<b>2.2</b> Practical application of the indicators	18
	<b>2.3</b> List of indicators	19
	<b>2.4</b> Application examples	22
	<b>3. Good practice – how financial intermediaries can achieve high reporting quality in cases of suspected human trafficking?</b>	24
	<b>4. Recommended reading</b>	26

# **I PROJECT FINANCIAL INTELLIGENCE AGAINST HUMAN TRAFFICKING (FIAHT)**

Human trafficking is one of the most lucrative branches of organised crime. It is a transnational crime which takes place covertly. New technologies, migration and refugee flows, as well as regional and global crises – such as the Covid-19 pandemic – are continually posing new risks and challenges to the fight against human trafficking.<sup>1</sup>

<sup>1</sup> European Parliament, Stopping human trafficking: MEPs call for more action (europa.eu); last visited on 12.08.2024.

# 1. BACKGROUND

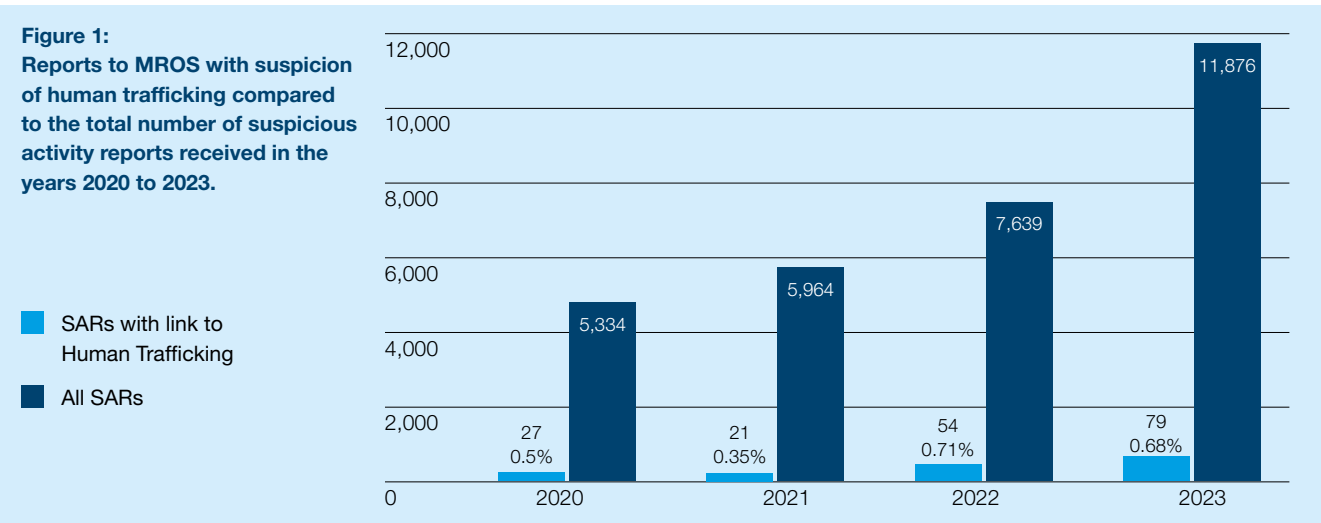
The purpose of human trafficking is invariably financial gain, which is achieved by exploiting the trafficked person. According to estimates by the International Labour Organization (ILO), perpetrators earn USD 236 billion annually.<sup>2</sup> Only drug trafficking and illegal arms trade generate comparatively higher profits. A portion of the criminal profits generated by the exploitation of human beings flows through the financial system, leaving a trail that can be traced. The in-depth analysis of payment flows and account movements, known as the “follow-the-money” strategy, can make a significant contribution to the detection of illegal activities and the identification of victims in this area of crime. In addition, effective cooperation between Financial Intelligence Units (FIUs), law enforcement agencies, non-governmental organisations (NGOs), academic institutions and the financial sector is essential to effectively combat human trafficking.

Human trafficking is a predicate offence to money laundering under Swiss legislation.<sup>3</sup> Financial intermediaries and dealers are obliged to submit a report to the Money Laundering Reporting Office Switzerland (MROS) if they know or have reasonable grounds to suspect that the assets involved in a business relationship originate from human trafficking (see Art. 9 Anti-Money Laundering Act - AMLA<sup>4</sup>). Furthermore, below this suspicion threshold of Article 9 AMLA, it is possible to submit a suspicious activity report based on the right to report (see Art. 305<sup>ter</sup> para. 2 SCC).

Since 2020, there has been an increase in the number of suspicious activity reports submitted to MROS with references to human trafficking. However, there remains a large discrepancy between the number of reports submitted and the real scale of this crime.

Figure 1 shows that reports submitted to MROS with suspicion of human trafficking account on average for less than 1% of suspicious activity reports submitted in the years 2020 to 2023. Of the 11 876 reports received by MROS in 2023 (see MROS Annual Report 2023), only 79 were related to human trafficking.

How can this low reporting volume be explained? One reason is that automated transaction monitoring is complex in cases of human trafficking. The individually transferred amounts are often low and do not trigger an automated alert. In addition, many suspicious transactional behaviours can also indicate a legitimate business activity or relate to another predicate offence to money laundering (“false positives”). Furthermore, the fragmented professional expertise on the prevalence and patterns of human trafficking, means that potential activities and transactions related to this offence are overlooked at a compliance level. This applies even if a business relationship has been classified as high-risk on the basis of the legally prescribed and internally defined criteria and special due diligence obligations initiated in accordance with Article 6 AMLA.



2 International Labour Organization, Data and research on forced labour (ilo.org); last visited on 12.08.2024.  
3 Predicate offences to money laundering are crimes, i.e., offences that are punishable by a custodial sentence of more than three years (see Art.305<sup>bis</sup> para. 1 Swiss Criminal Code, Classified Compilation of the (Swiss) Federal Law 311.0. (SCC) in conjunction with Art. 10 para. 2 SCC).  
4 Federal Act on Combating Money Laundering and Terrorist Financing (Anti-Money Laundering Act, AMLA), Classified Compilation of the (Swiss) Federal Law 955.0.

## 2. PROJECT OBJECTIVES

In view of this, MROS' Human Trafficking Specialist Unit, with the comprehensive support of the OSCE<sup>5</sup> Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings (CTHB) launched project "Financial Intelligence Against Human Trafficking" (FIAHT) with the following objectives:



**Raising awareness among financial intermediaries through the development of a Guide.**

**Strengthening cooperation and optimising operational processes between MROS and other relevant stakeholders by establishing a multi-stakeholder partnership.**

## 3. WORKING GROUPS

The project officially began with a round table on 24th January 2024, where MROS' Human Trafficking Specialist Unit assumed management of the project. In cooperation with various law enforcement and federal authorities, representatives from the financial sector and the victim protection unit Victras, data was compiled for the FIAHT Guide and the course was set for the central objective to strengthen information exchange mechanisms between MROS and relevant stakeholders. As such, five strategic Working Groups were formed amongst the participants.

### 3.1 Internal fedpol Working Group

Although combating human trafficking is largely the responsibility of the cantons, fedpol also have specialised units that deal with this issue including the Central Office for Combating Trafficking in Human Beings and Smuggling of Migrants (ZSMM) which is part of the Federal Criminal Police and the Specialised Unit against Human Trafficking and Smuggling of Migrants (FSMM) under the department Crime Prevention & Law. Close co-operation between these two units and MROS is essential for an optimal national flow of financial data in the area of human trafficking.

The aim of the Working Group with the above-mentioned fedpol units was to collect demographic and criminological data for the Guide and to strengthen the exchange of information between MROS and the ZSMM by increasing the use of mutual administrative assistance and the exchange of typology-based information.

### 3.2 Financial Intelligence Units Working Group

Human trafficking and related offences (see II - Chapter 1.1) are cross-border phenomena. Therefore, the exchange of financial information with international partner organisations – i.e., other FIUs – is of the utmost importance. The FIU Working Group dealt with the international exchange of information between FIUs that are members of the Egmont Group in the area of combating human trafficking. Many FIUs have established a public-private partnership (PPP) in this area and/or implemented projects in this regard in the past.

<sup>5</sup> Organisation for Security and Cooperation in Europe (OSCE), available at: [www.osce.org/cthb](http://www.osce.org/cthb)

MROS was able to benefit from its membership of the “Europol Financial Intelligence Public Private Partnership” (EFIPPP), which aims to promote cross-border cooperation and the exchange of information between Europol, law enforcement authorities, FIUs, supervisory organisations and regulated financial service providers. At the beginning of 2024, MROS joined the “Trafficking in Human Beings Work Stream” (THB WS) and the “Child Sexual Exploitation Work Stream” (CSE WS) of the EFIPPP.

With the aim of gathering information on similar projects and incorporating this into the FIAHT project, MROS sent a survey on specific operational measures to various FIUs with experience in the field. MROS subsequently used the feedback received to optimise the implementation of the FIAHT project.

### 3.3 Law enforcement authorities Working Group

The cantonal prosecution authorities (public prosecutor’s offices and police authorities) are the primary recipients of financial information from MROS at a national level. In addition, the departments of these agencies which specialise in human trafficking have invaluable information on the demographic and geographical characteristics of human trafficking and related offences, as well as the modus operandus, of the various groups of perpetrators.

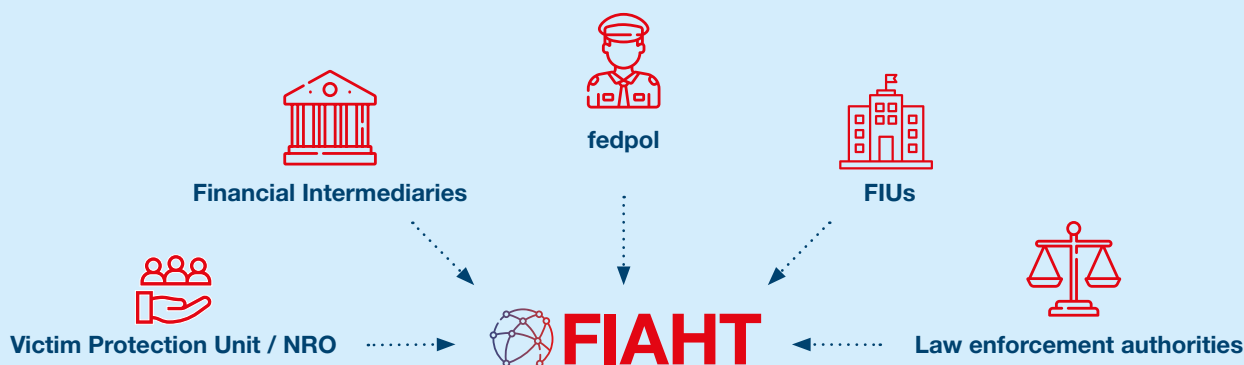
The aim of this Working Group was to collect information for the Guide. In addition, as part of the FIAHT project, Single Point of Contacts (SPOCS) were defined for all participating authorities in order to promote a regular exchange between MROS and the responsible parties at the cantonal authorities. In addition, feedback was obtained on the transmission of information in connection with suspicion activity reports and spontaneous information, with the purpose of making the exchange of information from MROS to the law enforcement authorities as tailored as possible.

### 3.4 Financial Intermediaries Working Group

The importance of mobilising the financial sector to implement the “follow-the-money” strategy was repeatedly emphasised.<sup>6</sup> For this reason, representatives of this sector were already involved in the development phase of the Guide.

The aim of this Working Group was to test the practical applicability of the indicators and to promote a regular dialogue between MROS and the financial intermediaries participating in project FIAHT. In the long term, MROS intends to extend this dialogue to other financial intermediaries that did not participate in the project.

**Figure 2:**  
Overview of the Working Groups  
of project FIAHT



<sup>6</sup> The essential role of the financial sector and national FIUs has been highlighted not only in the various projects resulting from the „Follow-the-Money“ movement, but also at international level, for example in the Additional Protocol to the UN Convention on Transnational Organised Crime/UN Resolution UNSCR 2331, 2016.

### 3.5 NGO Working Group – sub-project with Victras

According to an information exchange conducted among the cantonal prosecution authorities as part of project FIAHT, only around one in five victims are asked about their experiences with financial exploitation and financial control by third parties. However, reports from law enforcement agencies show that the experiences of victims of human trafficking and related offences can provide important information about the financial and technical practices of different groups of offenders. A good example of this is the story of Timea Nagy, who was lured from Hungary to Canada in the 1990s and became a victim of human traffickers. She played a key role

in the establishment of a PPP called “Project Protect” between the Canadian FIU FINTRAC, the Canadian law enforcement authorities and the financial sector.<sup>7</sup>

Based on this premise, MROS has launched a FIAHT sub-project with the victim protection unit Victras<sup>8</sup>.

The objective of this cooperation was to collect and analyse testimonials from victims in relation to financial exploitation and the exercise of control, with the aim of incorporating these reports into the Guide, specifically in the list of indicators.

#### Interim report of the sub-project with Victras: May to September 2024

In May 2024, the sub-project with the victim protection unit Victras was initiated. After a preparatory phase, Victras’ team began interviewing victims based on a questionnaire prepared by MROS. Victims were asked about their individual experiences in areas such as “account set-up”, “transactions”, “financial abuse and pressure” and “financial dependency and hard-ship”. Participation in the survey was voluntary. In September 2024, Victras prepared an initial anonymised report for MROS.

Due to the limited amount of data accumulated to date, no quantitative statements regarding the information collected are yet published. However, from a qualitative perspective, it is possible to confirm the practical relevance of some of the indicators developed in the area of awareness-raising. Based on the information obtained, Victras was able to create anonymised case studies (see II - Chapter 1.3). In addition, initial findings from the victim surveys can already be presented.

#### Initial findings from the victim surveys:

- Many of the victims interviewed were under severe financial pressure and dependent on the perpetrators. In addition to financial pressure, coercion was exerted by threatening the welfare of a family member or threatening to report them to the authorities.
- The majority of those affected originated from impoverished countries, defined as “high-risk countries” by the indicators.
- Official acts were carried out by perpetrator groups in the name of victims without their knowledge. For example, victims signed documents without understanding their content, or perpetrators forged their victim’s signature.
- In several cases, the storage and transfer of large amounts of cash was documented. Furthermore, records also indicate that perpetrators layered the illicit funds into investment in jewelry and gemstones. Prepaid credit cards were also used and/or cash was distributed to various bank accounts (smurfing) (see II - Chapter 2.3).

<sup>7</sup> Canadian government, Project PROTECT – Public Service Renewal in action (November 2017) (canada.ca), last visited on: 25.09.2024.

<sup>8</sup> Formerly trafficking.ch – a victim protection unit and specialist centre for human trafficking and victims of violence – www.victras.ch.



# II GUIDE

The first part of this Guide contains a presentation of legal aspects of human trafficking and a discussion on related offences. It also provides an overview of the prevalence of human trafficking and related offences in Switzerland as well as the methods used by perpetrators (see II - Chapter 1).

The second part comprises a list of indicators and instructions for their practical application, which are illustrated using case scenarios. This part also includes a list of best practices for the preparation of suspicious activity reports with a link to human trafficking (see II - Chapter 2).

# 1. LEGAL BASIS, FORMS OF EXPLOITATION AND MONEY LAUNDERING PRACTICES OF OFFENDER GROUPS

## 1.1 Legal basis

Human trafficking (Art. 182 SCC) is a predicate offence to money laundering and is often associated with various other predicate offences. In addition to human trafficking, this Guide also looks at the offences of encouraging prostitution (Art. 195 SCC) and pornography (Art. 197 para. 4 SCC, second sentence) as well as the production, distribution, procurement and possession of child sexual abuse material (CSAM). For simplicity, these three predicate offences are summarised hereinafter as “human trafficking and related offences”.

### Human trafficking and related offences

Trafficking in human beings under Article 182 SCC is committed by anyone who

*“as a supplier, intermediary or customer engages in the trafficking of a human being for the purpose of sexual exploitation, exploitation of his or her labour or for the purpose of removing an organ. The soliciting of a person for these purposes is equivalent to trafficking.”<sup>9</sup>*

This crime violates the victim’s right to self-determination by the offender exploiting their position of power. Exploitation does not have to have actually occurred in order to fulfil the offence; it is sufficient to deliberately act with the intention of creating such an exploitative situation.<sup>10</sup>

The internationally prevailing definition of human trafficking<sup>11</sup> includes the following three elements, despite the fact that they are not all individually reflected in Swiss legislation:

- an **act** such as recruiting, transporting, moving, harbouring or receiving,
- a **means** such as the threat or use of force and other forms of coercion, exploitation of particular helplessness, deception,
- a **purpose** which is exploitation in every form of human trafficking.

Any person is guilty of encouraging prostitution under Article 195 of the Swiss Criminal Code, if they:

*“induce a minor into prostitution or encourage a minor to engage in prostitution with the intention of securing a financial advantage; induce a person into prostitution by exploiting that person’s dependency or with the intention of securing a financial advantage; restrict the freedom to act of a prostitute by supervising them in the course of their activities or by exercising control over the location, time, volume or other aspects of their work as a prostitute or make a person remain a prostitute against their will.”*

The criminal offence of encouraging prostitution under Article 195 SCC protects the right of the person in prostitution to sexual self-determination, regardless of gender. If a person is coerced into prostitution against their will or restricted in their sexual freedom of action, this constitutes a criminal offence.<sup>12</sup>

<sup>9</sup> Version in accordance with Art. 2 No. 1 of the Federal Decree of 24 March 2006 on the approval and implementation of the Optional Protocol of 25 May 2000 to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography (Classified Compilation of the (Swiss) Federal Law 0.107), in force since 1 December 2006.

<sup>10</sup> SCHULTZ, Die Strafbarkeit von Menschenhandel in der Schweiz, Analyse und Reformbedarf von Art. 182 StGB, in: ZStStr Volume/No. 105, 2020, p. 10.

<sup>11</sup> Definition of human trafficking according to the international conventions ratified by Switzerland: Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, supplementing the United Nations Convention against Transnational Organised Crime (Palermo Protocol), Classified Compilation of the (Swiss) Federal Law 0.311.542, entered into force for Switzerland on 26.11.2006 and in the European Convention on Action against Trafficking in Human Beings (Classified Compilation of the (Swiss) Federal Law 0.311.543), entered into force for Switzerland on 01.01.2013.04.2013; the case law of the highest courts refers to the international definition (see judgment of the Federal Supreme Court 6B\_469/2014 of 4 December 2014, E. 3.3; judgment of the Federal Supreme Court 6B\_128/2013 of 7 November 2013, E.1.1 . November 2013, E. 1.1; judgement of the Federal Supreme Court 6B\_81/2010 and 6B\_126/2010 of 29 April 2010, E. 4.1); national law must be interpreted in accordance with international law (BSK StGB - DELNON/RÜDY, N 6 to Art. 182 SCC).

<sup>12</sup> OFK /STGB-WEDER, N 1 to Art. 195 StGB.

This Guide analyses child trafficking in connection with pornography with reference to Article 197 para. 4 SCC, second sentence, whereby any person is liable to prosecution if she/he:

*produces, imports, stores, markets, advertises, exhibits, offers, shows, passes on or makes accessible to others, acquires, or procures or possesses via electronic media, pornographic documents, sound or visual recordings that contain genuine sexual acts with minors.*<sup>13</sup>

In addition to the offences mentioned above, other predicate offences to money laundering may correlate with human trafficking and related offences, among others:

- Profiteering (Art. 157 SCC)
- Extortion (Art. 156 SCC)
- Forgery of a document and forgery of certificates (Art. 251 and 252 SCC)
- Encouraging unlawful entry, exit or an unlawful period of stay (people smuggling; Art. 116 para. 3 FNIA<sup>14</sup>)

Trafficking in human beings and people smuggling are two separate offences. Smuggling differs from trafficking in human beings in that migrants are illegally transported across national borders in exchange for payment and with the smuggled person's consent. This is a violation of the integrity of state borders and not a crime against a person and their human rights.<sup>15</sup>

### **Trafficking in human beings: a predicate offence to money laundering – even without generated assets**

Anyone who aims to frustrate the forfeiture of assets obtained from human trafficking and related offences or deliberately makes it difficult to locate them, is committing money laundering. The wording of Article 305<sup>bis</sup> SCC refers to “assets that originate from a felony”. The predicate offence must therefore generate assets. But what about “saved” money? Can savings be considered suitable objects for money laundering? The answer is “yes”. Offender groups can cut costs by employing persons to whom they provide little to no payment. The financial advantage generated in this way is of an abstract nature, i.e. a mathematical value that cannot be differentiated from legal assets.<sup>16</sup> The Federal Supreme Court affirms that abstract assets are eligible for confiscation.<sup>17</sup> Consequently, the elements of the offence of money laundering are also taken into consideration in such cases and, in the event of suspicion on the part of the financial intermediary, lead to a suspicious transaction report to MROS.

<sup>13</sup> Sexual acts with children/minors are also addressed in Art. 187 SCC and Art. 196 SCC.

<sup>14</sup> Federal Act on Foreign Nationals and Integration (Foreign Nationals and Integration Act, FNIA), Classified Compilation of the (Swiss) Federal Law 142.20.

<sup>15</sup> SCHULTZ, Die Strafbarkeit von Menschenhandel in der Schweiz, Analyse und Reformbedarf von Art. 182 StGB, in: ZStStr Volume/No. 105, 2020, S. 24.

<sup>16</sup> ACKERMANN, Wirtschaftsstrafrecht der Schweiz, Hand- und Studienbuch, 2nd ed., § 15 Geldwäschereistrafrecht, N 34.

<sup>17</sup> Judgment of the Federal Supreme Court 1S.8/2006 of 12 December 2006, E. 5 et seq.

## 1.2 Forms of exploitation and their prevalence in Switzerland

Trafficking in human beings can take place for the purpose of sexual exploitation, labour exploitation (including forced servitude and serfdom) or the removal of organs (cf. Art. 182 SCC).

In Switzerland, human trafficking for the purpose of sexual and labour exploitation are both prevalent. Due to the lack of standardisation of the data collected, it is not possible to clearly determine the proportion of each.<sup>18</sup> Estimates by non-governmental organisations that support trafficked persons assume a ratio of two thirds of exploitation through prostitution to one third of labour exploitation.<sup>19</sup> Current figures from the Swiss Platform against Human Trafficking (Plateforme Traite) show a 50/50 split between the two forms of exploitation.<sup>20</sup> According to current figures, human trafficking for the purpose of organ removal is not considered wide-spread in Switzerland.<sup>21</sup>

Victims of human trafficking are recruited under false pretenses (deception about remuneration, the labour sector in which the person is employed or the modalities of prostitution).<sup>22</sup> The perpetrators sometimes exert tremendous psychological and physical pressure and control in order to keep the victims in an exploitative state. Among other methods, physical violence, death threats to victims and their family members as well as emotional or spiritual control (e.g. the “juju” oath) are exercised. Travel documents are often confiscated to prevent the victims from leaving Switzerland.<sup>23</sup>

In both sexual and labour exploitation, the victims are often forced into debt bondage, where the perpetrators continuously impose high costs on the victims, e.g. for rent, electricity or transport. The costs imposed are intentionally so high that in most cases it is by de facto impossible to settle them and the victims are exploited over long periods of time with extremely low wages or non-payment.<sup>24</sup>

The typical regions and countries of origin of the victims, considered the **high-risk countries**, include<sup>25</sup>:

- Europe (Hungary, Romania, Bulgaria, Spain, Moldova, Ukraine)
- Africa (Nigeria and other West African countries, Morocco)
- Asia (Afghanistan, Pakistan, Bangladesh, China, Thailand, Vietnam, Syria)
- Latin America (Brazil and Colombia)

18 FIZ, Menschenhandel in der Schweiz: Zahlen, Grundlagen und Herausforderungen, last visited on 02.10.2024.

19 humanrights.ch, Human trafficking in Switzerland - Challenges, last visited on: 29.07.2024.

20 Plateforme Traite, Victim statistics 2020 - 2023 of the Swiss platform against human trafficking (plateforme traite), last visited on: 06.08.2024.

21 SCHULTZ, Die Strafbarkeit von Menschenhandel in der Schweiz, Analyse und Reformbedarf von Art. 182 StGB, in: ZStStr Volume/No. 105, 2020, p. 33.

22 fedpol, Lage- und Situationsbild Menschenhandel in der Schweiz, p. 6.

23 fedpol, Opfer und Täter, last visited on: 30.09.2024.

24 SCHULTZ, Die Strafbarkeit von Menschenhandel in der Schweiz, Analyse und Reformbedarf von Art. 182 StGB, in: ZStStr Volume/No. 105, 2020, p. 34.

25 fedpol, Lage- und Situationsbild Menschenhandel in der Schweiz, p. 5, Victras: Leistungsbericht 2023 und Aktuelles, 2024, p. 4.

## Sexual exploitation

Victims of trafficking for the purpose of sexual exploitation are predominantly female, although male and transgender victims are increasingly common.<sup>26</sup> In terms of socio-cultural background, it can often be observed that the victims come from impoverished backgrounds and have a low level of academic education. They often speak little English and cannot speak any of the Swiss national languages.<sup>27</sup>

Swiss nationals are also targeted for this form of exploitation; there are an increasing number of cases of minors and adolescents being trafficked into prostitution using social media platforms such as “OnlyFans” and “Snapchat”<sup>28</sup> or cases of ‘sextortion’ (see hereafter) in which Swiss minors and adolescents are among the victims.

As mentioned before, enormous pressure is exerted on the victims of sexual exploitation. However, this pressure or control can also be exerted using subtle methods, e.g. through a technique called the “loverboy method”:

The “Loverboy” pretends to be in love with his victim, systematically makes his victim dependent on him and increasingly isolates them from friends and family.<sup>29</sup> Once dependency has been reached, the loverboy leads his victim step by step into prostitution, with the motive of financial gain.<sup>30</sup> The loverboy method is widespread in all of Switzerland’s neighbouring countries and often targets young adults or children rather than people with irregular migration statuses.<sup>31</sup>

In combination with the loverboy method, “sextortion” can frequently be observed; the term is made up of the English words “sex” and “extortion”. The target person is tricked into sending intimate or compromising content about themselves or having recordings with sexual content made of them, which the perpetrators use to blackmail them for money or more compromising content. Furthermore deep-fakes<sup>32</sup>, in which the victim’s faces are used in edited videos and photos with sexual content, can be observed more frequently.<sup>33</sup> Depending on the modus operandus of the perpetrator group and whether the perpetrators have actual physical access to the victims, they can also be induced into prostitution. Groups of perpetrators include both individual offenders and organised gangs.<sup>34</sup>

26 fedpol, Lage- und Situationsbild Menschenhandel in der Schweiz, 2024, S. 6; „Wir bieten die lukrativste Sexarbeit der Schweiz für junge Mädchen“, in: Tages-Anzeiger, 25. Februar 2024.

27 ibid. p. 5.

28 “Zahle alles”: “Sugardaddys” locken Schweizer Kinder in Prostitution (nau.ch), in: Nau.ch, 28.7.2023; Sugar-Daddy-Ring: minderjährige Mädchen in Prostitution geführt (nzz.ch), in: NZZ, 1.6.2023

29 Verein ACT212, Loverboys – Verein ACT212, last visited on: 06.08.2024; further details on the topic BAIER / HIRZEL / HÄTTICH, Das Loverboy-Phänomen in der Schweiz, in: Kriminalistik-Schweiz 11/2019, p. 689 ff.

30 Ibid.

31 OSCE, Country visit reports by the OSCE Special Representative and Co-ordinator for Combating Trafficking in Human Beings, zuletzt besucht am: 13.10.2024.

32 The term refers to media content that has been created, altered or falsified using artificial intelligence techniques to create a realistic impression.

33 54 Prozent der Eltern posten Kinderbilder – illegale Pornografie boomt, in: Tages-Anzeiger, 7.9.2024.

34 “Möchtest du, dass ich dieses Nackt-Video von dir all deinen Familienmitgliedern zeige?” – kriminelle Clans aus Westafrika erpressen Teenager, in: NZZ, 22.01.2024.

## Labour exploitation

Labour exploitation occurs when work or services are performed under duress, slavery or slave-like conditions.<sup>35</sup> The sectors prone to this form of exploitation include those that require workers to have low qualifications and generate repetitive work. Examples include:

- construction industry, including suppliers
- food services
- household and care work
- cleaning services
- agriculture
- beauty service providers (e.g., nail studios)<sup>36</sup>
- transport companies (e.g., parcel services<sup>37</sup>, or their subcontractors).

According to fedpol, the proportion of male victims of labour exploitation is slightly higher than that of female – (with the exception of exploitation in private households such as childcare or elderly care).<sup>38</sup> Some of those affected have an irregular migration status.<sup>39</sup>

## Cantonal context of sexual exploitation and labour exploitation

According to the Swiss Centre of Expertise in Human Rights (SCHR), the risk of human trafficking depends on the economic structure of a canton: the more prevalent the sex industry, the higher the risk of human trafficking for the purpose of sexual exploitation. The more prevalent the hospitality or construction industry, the higher the risk of human trafficking for the purpose of labour exploitation.<sup>40</sup> In addition, there are geo-demographic factors such as urbanity (high population density), the density of the transport network, a canton's border location with other countries and a comparatively high proportion of migrants without regular residence status.<sup>41</sup> Based on these factors, the SCMR calculated the following relative risks:



35 DELNON/RÜDY, BSK StGB - N 27 to Art. 182 StGB.

36 fedpol, Lage- und Situationsbild Menschenhandel Schweiz, p. 7.

37 Paketdienste in Bern: Dumpinglöhne und Schwarzarbeit, in: Der Bund, 28.12.2023.

38 fedpol, Lage- und Situationsbild Menschenhandel Schweiz, p. 7.

39 ibid., p 3

40 SCHR, Swiss Centre of Expertise in Human Rights Bekämpfung von Menschenhandel im kantonalen Kontext. Risikofaktoren, Fallaufkommen und institutionelle Vorkehrungen, verfasst von Probst Johanna in Zusammenarbeit mit Efonyi-Mäder Denise/ Graf Anne-Laurence/ Ruedin Didier, Bern, 2022.

41 ibid.

## Child Sexual Abuse Material (CSAM)

The sale and consumption of CSAM is increasing worldwide.<sup>42</sup> Swiss nationals who produce CSAM abroad can be prosecuted in Switzerland (see Art. 5 para. 1 lit. c SCC in conjunction with Art. 197 para. 4 SCC, second sentence). Among the consumers and buyers there are people with Swiss nationality or a residence permit in Switzerland.<sup>43</sup> As stated in a report by the NGO End Child Prostitution and Trafficking (ECPAT)<sup>44</sup> and Interpol, around 92.7 % of perpetrators are male.<sup>45</sup>

According to the OSCE, high-risk areas for the demand for CSAM include the Global North, while high-risk areas for production and distribution are the Philippines, Romania, Colombia, the Russian Federation, Ukraine and Moldova.<sup>46</sup>

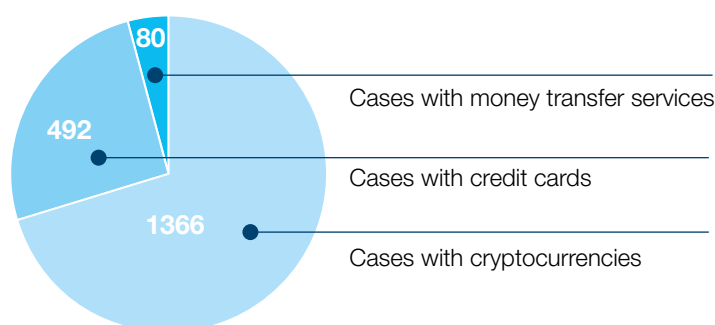
The international charity organisation Internet Watch Foundation (IWF), based in Cambridge, England, reported that cryptocurrencies, credit cards and money transmitters are mainly used to pay for these CSAMs. In total, the IWF identified 1 366 cases in which cryptocurrencies were used as a payment method, based on 495 unique URLs, followed by credit cards (492) and money transfer services (80).<sup>47</sup>

According to the Financial Crimes Enforcement Network (FinCEN), an increase in the use of cryptocurrency in human trafficking cases was observed in the USA between 2020 and 2021, from 336 to 1 975 cases<sup>48</sup>: Among others, darknet markets, peer-to-peer (P2P) cryptocurrency exchanges, cryptocurrency mixers and cryptocurrency ATMs, were used to acquire CSAM.<sup>49</sup> It can be assumed that virtual currencies are also used by criminal groups in Switzerland to conceal the illegal origin of funds.<sup>50</sup>

## Other forms of exploitation

Other manifestations of elements of human trafficking include the offence of **forced marriage**<sup>51</sup> or forced registered partnership under Article 181a SCC, forced **begging and coercion into criminal activities**. The latter is a rapidly growing form of exploitation. Adults and children are increasingly being forced to commit offences such as pickpocketing, theft, fraud, money laundering, drug dealing as well as other criminal activities.<sup>52</sup>

**Figure 4:**  
**Use of payment method**



42 NZZ am Sonntag, Seit der Pandemie hat der Konsum von Kinderpornografie dramatisch zugenommen. Auch in der Schweiz, last visited on: 02.10.2024.

43 Cf. judgement Federal Court 6B\_1439/2021 of 28 November 2022.

44 ECPAT is a global network of organisations with the aim of ending all sexual exploitation of children, ECPAT Switzerland | Kinderschutz Schweiz, last visited on: 23.09.2024.

45 ECPAT, Towards a Global Indicator on Unidentified Victims in Child Sexual Exploitation Material - Summary-Report, last visited on 23.09.2024.

46 Data provided by the Office of the OSCE Special Representative and Co-ordinator for Combating Trafficking in Human Beings on 8 October 2024.

47 IWF, Annual Report 2022.

48 FinCEN, Financial Analysis Trend: Use of Convertible Virtual Currency for Suspected Online Child Sexual Exploitation and Human Trafficking: Threat Pattern & Trend Information, January 2020 to December 2021

49 Ibid.

50 Cf. also National Risk Assessment (NRA), National Risk Assessment (NRA), Risiko der Geldwäscherei und Terrorismusfinanzierung durch Krypto-Assets, January 2024.

51 In Switzerland, begging is regulated at cantonal or municipal level.

52 OSCE, Survey Report 2021 of Efforts to Implement OSCE Commitments and Recommended Actions to Combat Trafficking in Human Beings, S. 49.



## 1.3 Money laundering practices of the offender groups

Various practices are used to launder illegally obtained profits from human trafficking and related offences. Below are three anonymised examples:

### Example A

#### **Money transmitters and forged subletting contracts (anonymised example from Victras – case from the victim’s perspective)**

A victim from Albania was forced to move money via money transmitters. At the same time, she had to hand over large sums of money [in cash]. In addition, her signature was forged on subletting contracts. She had never seen these contracts. Other contracts were issued in her name without her knowledge or consent. This is just one example where the person being exploited is not aware of all the activities and transactions carried out by the perpetrators in their name, using their identity (documents).

#### **Money laundering practices observed**

##### **Money transfers via money transmitters<sup>53</sup>:**

MROS records a large number of suspected human trafficking reports in which the illegal funds are sent via money transmitters or payment service providers. Furthermore, MROS observes transactions between people working in the red-light district and third parties in high-risk countries. Similarly, some cases exhibit a number of Swiss residents regularly paying money to the same person/account located in a high-risk country.

##### **Cash: Use in Switzerland or transfer abroad:**

The illegally obtained funds are imported into the financial circuit in cash within Switzerland or, in some cases, taken across the border to other countries (home countries or countries of residence of the perpetrators) via straw persons and introduced into the financial circuit there. In this context, the physical transport of cash using public transport, where Switzerland acts as the starting point, final destination or as the transit country, was observed.

### Example B

#### **Investment in jewelry and precious stones/deposit of illegal proceeds in bank accounts (anonymised example from Victras – case from the victim’s perspective)**

Two Colombian women from the same human trafficking case stated independently that the perpetrator used jewelry and precious stones as an investment. The victims had to give their traffickers half of their income from prostitution in cash. Traffickers then moved large amounts of cash to various accounts and prepaid cards.

#### **Money laundering practices observed**

##### **Cash investment of illegally acquired funds in luxury goods, real estate and other investments:**

Offenders invest their illegal profits in luxury goods such as watches, jewelry or cars. Real estate is also a popular way to conceal illegally acquired funds.

##### **Smurfing/Structuring:**

Illegal profits are transferred in small instalments or distributed to various accounts or payees. The transaction totals remain under the radar of the monitoring systems and do not trigger any alerts. Victims and their bank accounts or customer profiles at money transmitters are often used to carry out these transactions.

### Example C

#### **Use of illegal profits to settle rent payments (anonymised example of an MROS suspicious activity report)**

A customer states that she runs a beauty salon and uses her private account to make business payments. Large sums of cash and TWINT credits are received and then withdrawn in corresponding amounts in Switzerland and abroad (pass-through transactions). In addition, regular rent payments were made for several rental properties.

#### **Money laundering practices observed**

##### **Payment of illegal funds into an account and subsequent use for “operating” or every-day costs:**

The funds are first paid in cash into an account (via offender groups, victims or third parties) and then used to pay the rent or other operating or everyday expenses that have to be paid electronically.

##### **Laundering of illegal profits through companies/Trade Based Money Laundering<sup>54</sup>:**

In this context companies are used as a vehicle to launder illegal funds or to conceal the illegal origin of the proceeds of crime and to legitimise their illegal origin through a commercial transfer of value.<sup>55</sup>

<sup>53</sup> A money transmitter, also known as a payment service provider, enables the transfer of funds between different locations in Switzerland and abroad.

<sup>54</sup> FATF, Trade-Based Money Laundering, last visited on 02.10.2024 see also National Risk Assessment (NRA): Geldwäschereirisiken bei juristischen Personen, November 2017.

<sup>55</sup> Ibid.



## 2. INDICATORS OF HUMAN TRAFFICKING AND RELATED OFFENCES AND THEIR PRACTICAL APPLICATION

This second part of the Guide includes a list of indicators as well as instructions for their practical application, which are illustrated using case scenarios. In addition, best practices for preparing suspicious activity reports with a link to human trafficking will be presented.

### 2.1 Indicators

Indicators are a key instrument of the 'follow-the-money' strategy. At the compliance level, they can help identify transactions and behaviours indicative of human trafficking and related offences. The indicators are divided into three main groups: **behavioural, transactional and KYC<sup>56</sup> indicators.**

#### Behavioural indicators

The exercise of control by one person over another can be a clear indication of an exploitative situation. The exercise of emotional or physical control is not always obvious. However, financial intermediaries can observe indications in the context of personal consultations. These indicators include appearing at a branch of a financial intermediary whilst being accompanied by someone at all times, the inability to carry one's personal travel document, a neglected physical appearance, or a confused emotional presentation when visiting a branch. Due to the trend towards online onboarding and e-banking, these encounters become less frequent, but nonetheless still exist. The behaviour and presentation of an alleged perpetrator can also raise suspicions. For example, contradicting or concealing statements can cause or substantiate an initial suspicion.

#### Transactional indicators

Signs that the assets generated by a person are not managed or spent by themselves may be indicative of an exploitative situation. A victim's bank statements may reveal a lack of everyday expenses that indicate financial exploitation. Both victim and perpetrator accounts can display pass through transactions, unexplained cash inflows, large payments for hotels, products from sex shops or lingerie shops or for advertising on adult entertainment websites. In cases of labour exploitation incidents, the absence of salary payments or presence of low salary payments or the lack of social security contributions in company accounts can be an indication of exploitation.

#### KYC indicators

It is helpful to imagine the life of a "free" person and compare this notion with the available customer data. For example, if it is established that the telephone number provided when opening a private account is registered to a company, the question arises as to why the customer cannot be contacted directly. In the case of company accounts, the sector in which the company operates may already constitute an initial suspicion (see II - Chapter 1.2, comments on risk sectors). As mentioned, people who belong to a certain demographic group may statistically be at a higher risk of falling into the clutches of human traffickers. KYC information can help to identify suspected perpetrators: in this context, demographic data indicating high-risk countries can be helpful (see II - Chapter 1.2, comments on high-risk nationalities).

<sup>56</sup> Know Your Customer.

## 2.2 Practical application of the indicators

Indicator-based transaction monitoring, or the generation of automated warnings based on indicators, is challenging:

Many indicators of human trafficking and related offences may also point to other predicate offences to money laundering or to legitimate transactions. This can lead to a high number of “false positives” with large data sets.

In addition, some indicators relate to unstructured data that financial intermediaries cannot quantitatively query or filter out. These are primarily indicators that involve a “text search”, such as customer behaviour or information from the KYC.

The fact that the amounts transferred are often low further complicates an automated transaction alert approach.

Thus, at this stage, a focus on a qualitative approach is advisable: the indicators listed below are intended to support financial intermediaries in recognising cases of human trafficking and related offences where business relationships have already been identified on the basis of an automated warning and thus trigger appropriate investigations. In order to illustrate their relevance, the indicators of the three main groups are divided further into “red” and “yellow” indicators:

### Category 1: Red indicators

Indicators in this group refer to concrete indications of human trafficking and related offences, e.g. information from law enforcement agencies, public sources or Open-Source Intelligence (OSINT). They refer to evidence of human trafficking or related offences concerning the persons involved and their behaviour, which clearly indicate that they are being exploited (victims) or actively exploiting others (perpetrators).

### Category 2: Yellow indicators

Indicators in this group can, in combination with other indicators, provide clues of human trafficking or related offences. However, they can also indicate a legal activity, for example in the sex or catering industry, or relate to other money laundering offences. Indicators that refer to a connection to the sex industry for instance, could relate to legal, voluntary or merely unauthorised sex work. In contrast to Switzerland, prostitution and sex work is illegal in many other countries and the fact that a person is active in the sex industry or conceals their activities in this sector is not per se an indication of criminal or exploitative activities. Similarly, the intensive use of cash does not necessarily have to be suspicious either. Many high-risk countries do not have a reliable financial market, which can lead to a lack of trust in traditional banking systems and a widespread preference for the use of cash. Furthermore, many economic sectors are still cash-intensive (e.g., construction and catering). When applying these indicators, it is important to determine whether the business relationship appears within a “suspicious context” and not just whether individual suspicions of human trafficking or related offences can be observed.

## 2.3 List of indicators<sup>57</sup>

### Category 1: Red indicators

#### Behavioural indicators

The customer is always accompanied by someone to the bank/payment service provider for no apparent reason (no assistance is required, there is no family connection).

The accompanying person insists on carrying the customer's documents or money.

Signs of exercising (emotional) control over a person (when opening an account or at a later date).

Signs of physical abuse (malnutrition, bruises or other wounds, neglected appearance).

The customer appears anxious, lethargic or confused.

The customer makes statements alluding to criminal activity or that they may be a victim of human trafficking or related offences.

#### Transactional indicators

Transactions between persons suspected of being involved in human trafficking or related offences (third party information e.g., from law enforcement agencies and/or OSINT information such as a World Check Hit).

Incoming payments indicate that this person provides sexual services to an extremely high number of people on a daily basis (no breaks, days off) or receives money for services provided by others (indicates management of other people's money).

A person transfers small amounts of money (in the two- or three-digit range) within a short period of time to one or more persons in a high-risk country (see II - Chapter 1.2) with no apparent family, business or other legitimate connection to the country or the recipient(s) (distribution/procurement of child abuse material).

CSAM offences: "One-to-many" transfers: Multiple international money transfers from a single sender in a high-risk demand country (see II - Chapter 1.2.) to multiple recipients in high-risk source countries on acquisition of CSAM/"Many-to-One" transfers: Multiple international transfers of funds to a single recipient in a high-risk source country from multiple senders in high-risk demand countries of CSAM).

#### KYC indicators

The customer's home address, e-mail address or telephone number are linked to negative media coverage of human trafficking and related offences.

Media coverage of the client's activities in connection with human trafficking and related offences.

The client or another party involved (e.g., a beneficial owner) is suspected of having relationships with persons who are suspected of having a criminal history, in particular in connection with human trafficking, smuggling of migrants, prostitution, (sexual) coercion, illegal pornography, forgery, profiteering, extortion or organised crime (including drug trafficking) and other related offences.

CSAM offences: The person has attracted negative media attention because of previous sexual offences or offences in connection with the sexual exploitation of children.

<sup>57</sup> As part of the first objective of FIAHT, the list of indicators below was adapted to the Swiss financial market through exchanges with various actors in the field of combating trafficking in human beings. The OSCE's list of indicators published in 2019, „Following the Money – Compendium of resources and Step-by-Step Guide to Financial Investigations Related to Trafficking in Human Being“, OSCE, 2019, served as the basis. Relevant NOGA codes: 9602 Hairdressing and beauty salons (and their subcategories, e.g. 96.02.13 Beauty services, 96.02.14 Beauty services at home) 9609 (provision of other services) and in particular the subcategory: 96.09.12 (escort services and services provided by prostitutes), 96.09.19 (other personal services). NOGA stands for the general classification of economic activities and is a fundamental tool for structuring, analysing and presenting statistical information.

## Category 2:

### Yellow indicators

#### Behavioural indicators

A third party claims to be related to the customer, but does not know relevant details about the person/does not speak the same language.

Contradictory/refutable statements on transactions.

Contradictory/refutable information on the origin of the funds.

Avoidance of personal contact with the financial intermediary.

Forms filled out in different handwriting.

The customer appears to be nervous (e.g. inability to make eye contact).

The customer cannot be reached at the telephone number/e-mail address/physical address provided.

The customer reads their personal data from a paper.

#### Transactional indicators

Regular cash deposits in city A with prompt, corresponding cash withdrawals in city B or another country (pass-through transactions, indicate the use of funds by third parties).

Cash deposits are made in different cities across the country or at different ATMs within a city (may be an indication that the account is used by different people).

Cash deposits late at night, in red light districts.

Mixing cash with legitimate sources of income.

Smurfing/structuring of cash and electronic transactions, e.g., via various female persons working in the sex trade in city A.

The client claims to have no connections to the sex industry, but transactional analysis or other documentation indicates otherwise.

Private account: Transactions in connection with the purchase of lingerie, condoms, prepaid telephone credit, hotel rooms and/or sex adverts (especially if it can be assumed from the frequency that these are carried out for third parties).

Multiple hotel bookings for the same day (indicating that the customer is booking rooms for different people).

Rent payments for various rental properties.

Missing expenses for living costs (e.g., food, petrol, utilities and rent), especially if the KYC shows that this is the customer's main account.

Debit/credit card payments for similar/same services in a short period of time (indicating that the card is used by multiple people e.g., purchases at fast food restaurants).

Several people transfer money to the same account (e.g., TWINT transfers between CHF 50 and CHF 400 from several different men).

Transactions between persons/organisations in Switzerland and persons/organisations in high-risk countries (e.g., transfers from different regions to the same persons in country X, where there is a known higher risk of human trafficking).

Cross-border money transfers that are not compatible with the customer's stated business purpose.

Debit/credit card payments for food/drink etc. in various countries within a short period of time (evidence of suspected victim rotation or cash transfer).

Charges to coach companies with European destinations.

High and/or frequent spending at airports, harbours, other transport hubs or abroad that is not compatible with the person's personal use or stated business activity.

Money transfers from often male third parties, with alternative names in brackets in the payment purpose (individual pays person A for the services of person B).

Remitter or beneficiary with incomplete or changing details (name or address spelt differently each time).

The account turnover does not correspond to the expected income.

The account shows salary payments from legitimate recruitment agencies, often operating nationwide, but the funds then remain untouched for long periods of time.

---

Regular debit/credit card charges late at night.

---

Use of gift cards for payments.

---

Use of prepaid credit cards.

---

Use of alternatives to the “traditional banking system” such as virtual currencies, hawala (if this is evident from the documents or statements from customers).

---

Business account: Inexplicably high profits for a company.

---

Business account: Expenditure on purchases in drug stores, clothing and cosmetics shops (e.g., lingerie, make-up), in contrast to the expected activity.

---

Business account: Incoming card payments (with the physical presence of the payer via a card payment device) that are made outside normal business hours or in unusual amounts.

---

Business account: Profits are passed on to third parties via business accounts such as fictitious salary payments.

---

CSAM offences: Attempts to disguise the activities by describing the payments as everyday expenses such as “housing”, “education”, “medical bills”, “school”, “family”, etc.

---

CSAM offences: “Pay more to see more” pattern: Several international money transfers of increasing value over a limited period of time (e.g., CHF 10, then CHF 50, then CHF 150).

---

CSAM offences: Purchases on dating platforms, especially on Asian dating websites, for example: [filipinocupid.com](http://filipinocupid.com), [asianbeauties.com](http://asianbeauties.com), [asiandating.com](http://asiandating.com), [asiandatingspace.com](http://asiandatingspace.com), [asiandate.com](http://asiandate.com), [arabmatching.com](http://arabmatching.com).

---

CSAM offences: Payments for hotels in high-risk areas for CSAM (see II - Chapter 1.2.).

---

CSAM offences: Use of credit cards or ATMs in high-risk areas for CSAM (see II - Chapter 1.2.).

## KYC indicators

---

The customer is active in a high-risk industry (see II - Chap. 1.2.) or manages a company that is active in such an industry.

---

The client is already on record in connection with unauthorised sex work (information from third parties, e.g., law enforcement authorities).

---

Use of alias identities or forged documents (e.g., ID documents, employment contracts, invoices, etc.).

---

Lifestyle is inconsistent with customer profile (high expenditure).

---

The customer has no fixed place of residence or his/her address changes constantly.

---

Several people at the same address – with different surnames and no obvious family connection.

---

Use of PO box addresses.

---

The customer's address and/or telephone number is identical to the employer's address and/or telephone number.

---

The customer's telephone number changes frequently.

---

The customer's address, e-mail address or telephone number will be used for online classified adverts/advertisements aimed at the sex industry and/or as a contact number for a brothel or similar.

---

A high number of simultaneously opened and closed individual accounts.

---

Several persons with no apparent connection as joint account holders or authorised users of products such as credit cards.

---

The customer is related to a company with no recognisable trading activity or open-source presence (one-page website with vague objectives, no direct contact details/letterbox company).

---

The client's partner appears to be a pimp.

---

CSAM offences: Social media activity shows interactions with several females from CSAM high risk areas with no evidence of a family or friendship connection (e.g., searching for single mothers).

---

CSAM offences: Social media activity shows interactions with several males from demand countries (e.g., country in Europe, North America) with no evidence of a family or friendship connection.<sup>58</sup>

<sup>58</sup> State Secretariat for Economic Affairs (SECO) Labour Directorate – International labour enquiries, Publication “Menschenhandel zwecks Arbeitsausbeutung”, 2020 (in German)

## 2.4 Application examples

The following scenarios are intended to illustrate the practical application of the indicators. Based on the experience of the Human Trafficking Specialist Unit of MROS in processing information on suspected human trafficking and related offences, it is necessary to identify several indicators in order to draw conclusions about a suspicious context.

### Scenario 1

#### **Sexual exploitation (account of the alleged offender)**

##### **Initial situation**

According to his own information (KYC), a customer works as an IT specialist at company X. In addition to his regular salary, the account holder frequently receives cash deposits that trigger an automated warning at the bank. An in-depth transaction analysis shows that in addition to the expected credits and debits (rent, food, insurance, etc.), extensive spending on lingerie, sex toys, prepaid telephone credit, payment for hotel rooms and sex adverts, etc. can be observed. The frequency of outgoing payments indicates that the account holder is purchasing these products or services for several people. In addition, corresponding cash withdrawals abroad can be observed (pass-through transaction). During customer contact between the financial intermediary and the customer, the latter gives implausible reasons for the cash deposits (e.g., he receives part of his salary in cash and then transfers it to his account or friends have given him the money in cash so that he can pay bills for them). OSINT searches for the customer's telephone number lead to an escort service company. The client denies any connection to the sex industry.

##### **Indicators**

- High cash receipts
- Origin of incoming cash is concealed
- Pass-through transactions, partly abroad
- Extensive spending on lingerie, prepaid phone credit, payment for hotel rooms and/or sex adverts for several people
- Connection to sex industry (e.g., charges for the placement of sex adverts)
- Refutable statements by the customer

### Scenario 2

#### **Sexual exploitation (account of the alleged victim)**

##### **Initial situation**

A young Bulgarian woman, who says she works in the sex industry, receives large amounts of cash and TWINT receipts from various males, which trigger an automated warning. A sub-sequent analysis of the business relationship shows: The incoming money is transferred to a man in her home country, sometimes in the corresponding amount, or withdrawn in cash. Everyday expenses cannot be derived from the available bank statements. The number of incoming payments is unusually high and probably exceeds a normal workload (sometimes 20 or 30 incoming payments per day). An examination of the customer's telephone number shows that it is being used as a contact number for a brothel (not her private number). According to a query in "World-Check" carried out by the financial intermediary, the payee was already on record for human trafficking in his home country. The financial intermediary's numerous attempts to contact the client fail.

##### **Indicators**

- Risk nationalities (customer and cash recipient)
- High cash deposits and/or withdrawals
- TWINT credits from various male third parties
- Amounts do not correspond to the expected turnover and/or indicate that a high number of customers are being served (exploitation, no breaks, no days off, etc.)
- Persons involved already on record for human trafficking
- Pass-through transactions
- Lack of expenses for everyday life/living costs
- Client cannot be contacted directly via the telephone number (number belongs to a brothel)

## Scenario 3

### Labour exploitation in the hotel and catering industry (account of the alleged victim)

#### Initial situation

A male Chinese citizen opens a private account and states that he works at Restaurant X. The analysis of the business relationship shows that the residential address of this person and the address of restaurant X are identical. The incoming salary payments are partially withdrawn in cash or paid to third parties (with no obvious family connection). Salaries are paid irregularly and in varying amounts. During a conversation between the bank and the customer, the latter explained that the international payments were maintenance payments to his ex-wife for their children. According to KYC however, the customer has no children. In addition, the client has a permanent employment contract with a fixed salary and does not work on an hourly wage. Expected everyday expenses (food, rent, insurance, etc.) are missing.

#### Indicators

- Risk nationality (customer)
- Risk sector for labour exploitation
- Pass-through transactions
- Cash transactions
- Lack of expected everyday expenses
- Private address identical to work address
- Contradictory statements by the customer

## Scenario 4

### Consumption of child abuse material (customer account of the alleged perpetrator)

#### Initial situation

A middle-aged Swiss man makes regular two or three-digit payments to individuals in the Philippines and Thailand via a money transmitter. The payments are usually triggered at night and include the payment purpose “family”, although the recipients of the money do not appear to have any family relationship with the contractual partner.

#### Indicators

- Male payer
- Money transmitter is located in a high-risk country for the demand for CASM
- Payments are repeated and made to various third parties in high-risk countries to which there is no obvious connection
- “Disguising” information on the purpose of payment
- The amounts transferred are in the two- to three-digit range
- Payments are made at night
- Payments are made via a payment service provider



### 3. GOOD-PRACTICE

## HOW FINANCIAL INTERMEDIARIES CAN ACHIEVE HIGH REPORTING QUALITY IN CASES OF SUSPECTED HUMAN TRAFFICKING

**The qualitative aspect, i.e., the content of suspicious activity reports submitted by financial intermediaries, is of central importance. As part of project FIAHT, the suspicious activity reports submitted to MROS in connection with human trafficking were analysed and a summary of good practice for financial intermediaries was drawn up.**

#### **Prompt reporting of suspicious transactions/information**

Prompt submission of a suspicious activity report is essential for the subsequent analysis at MROS. This increases the chances of tracing or even freezing the incriminated assets. Furthermore, the information may be a valuable addition to ongoing proceedings in Switzerland and abroad. It is notable that victims of sexual exploitation in particular are often rotated locally; they often only stay in one place for a relatively short amount of time and sometimes move countries. Prompt reporting by financial intermediaries increases the likelihood of law enforcement authorities being able to apprehend the perpetrators and locate the victims, bringing them to safety.

#### **Detailed OSINT/World Check research**

Detailed OSINT searches of all relevant individuals, companies and addresses can help to identify suspicious links to other individuals or to a high-risk sector. For example, an entry in “World-Check” for a recipient of money abroad may indicate that they were arrested on suspicion of human trafficking. OSINT data can also be helpful when checking or verifying customer details. Example: a client states that she runs a beauty salon, but the salon is not present in the public media, a fact which renders actual operational activity doubtful.

#### **Consulting customers/avoiding tipping off**

Especially in this sensitive area, it is important to avoid tipping off and to document all contradictory, incomplete or suspicious statements. Information received from the consultations with customers is an important part of the information sharing process with MROS in the event of suspicious activities. These are all the more important for MROS, as MROS is not authorised to contact the contracting partners directly and is therefore dependent on the intelligence the financial intermediary can obtain. The behaviour of customers, such as the coherence or truthfulness of their statements often provides clues that can help MROS analyse a suspicious activity report. However, it is important that the financial intermediary also critically scrutinises their evidence and provide MROS with all available information. The financial intermediary knows their clientele best and should incorporate this advantage into their analysis.



**Carrying out detailed transaction analysis and summarising important movements precisely**

MROS receives dozens of suspicious activity reports every day, which usually contain transactional information and suspicious facts. A precise, well-documented and easy-to-understand transaction analysis enables MROS staff to quickly grasp the essence of the report and assess the relevance of the information provided. In addition, all available detailed information on the suspicious transactions should be provided.

When submitting reports of suspected human trafficking and related offences, financial intermediaries must select one of the following indicators:

goAML indicator code	Predicate offence
1009V	Human trafficking (Art. 182 SCC)
1149V	Sexual offences (Art. 187 no. 1, Art. 189, Art. 190, Art. 191, Art. 195, Art. 197 para. 4 SCC)

This simplifies the statistical recording of suspicious activity reports associated with these predicate offences and enables MROS to process them in a targeted manner.

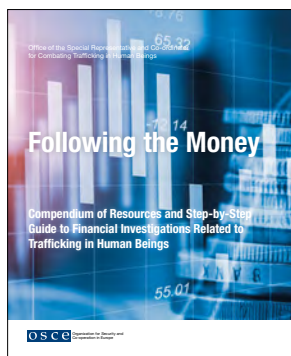
Even if MROS does not make a report to a prosecuting authority, this does not mean that the information contained in a suspicious activity report will not be utilised further. In addition to transmitting information to the competent cantonal public prosecutor’s offices or the Office of the Attorney General of Switzerland, MROS is also authorised to transmit “spontaneous information” to national authorities, such as the Federal Criminal Police or cantonal police authorities, by way of mutual administrative assistance. The international exchange of information with partner FIUs is also available.

## 4. RECOMMENDED READING

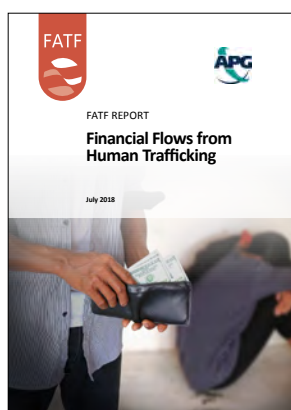
For a deepening the follow-the-money strategy and the multi-stakeholder partnership in the area of human trafficking and related offences, we recommend:

### Follow-the-Money

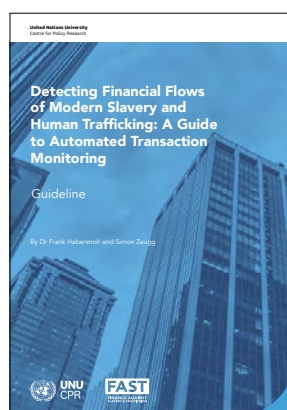
### Multi-Stakeholder Partnership



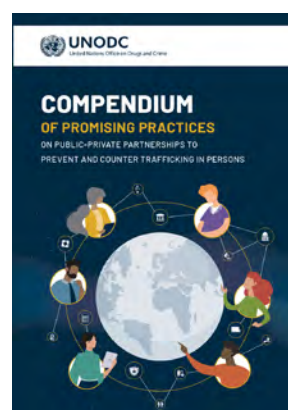
**OSCE**  
**„Following the Money – Compendium of resources and Step-by-Step Guide to Financial Investigations Related to Trafficking in Human Beings“ (2019)**  
[www.osce.org/files/f/documents/f/5/438323\\_0.pdf](https://www.osce.org/files/f/documents/f/5/438323_0.pdf)



**FATF / APG**  
**„Financial Flows from Human Trafficking“ (2018)**  
[www.fatf-gafi.org/en/publications/Methodsand Trends/Human-trafficking.html](https://www.fatf-gafi.org/en/publications/Methodsand Trends/Human-trafficking.html)



**United Nations University, New York**  
**„Detecting Financial Flows of Modern Slavery and Human Trafficking: A Guide to Automated Transaction Monitoring“ by Frank Haberstroh and Simon Zaugg (2023)**  
[https://collections.unu.edu/eserv/UNU:91113/Indicators\\_Guide\\_Final.pdf](https://collections.unu.edu/eserv/UNU:91113/Indicators_Guide_Final.pdf)



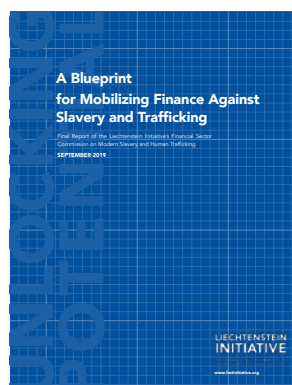
**UNODC**  
**„Compendium of Promising Practices on PPP to prevent and Counter Trafficking in Persons“ (2021)**  
<https://www.unodc.org/documents/NGO/PPP/UNODC-PPP-Interactive.pdf>



**fedpol**  
**„Lage- und Situationsbild Menschenhandel in der Schweiz“ (2024)**  
<https://www.fedpol.admin.ch/fedpol/de/home/kriminalitaet/menschenhandel/links.html>



**Inter-Agency Coordination Group against Trafficking in Persons (ICAT)**  
**„Sustainable finance and trafficking in persons“ (2024)**  
[https://icat.un.org/sites/g/files/trnzbd461/files/publications/icat\\_sustainable\\_finance\\_and\\_human\\_trafficking\\_issue\\_paper.pdf](https://icat.un.org/sites/g/files/trnzbd461/files/publications/icat_sustainable_finance_and_human_trafficking_issue_paper.pdf)



**United Nations University Centre for Policy Research**  
**„Unlocking Potential: A Blueprint for Mobilizing Finance Against Slavery and Trafficking“ (2019)**  
[www.fastinitiative.org/wp-content/uploads/Blueprint-DIGITAL-3.pdf](https://www.fastinitiative.org/wp-content/uploads/Blueprint-DIGITAL-3.pdf)

The FIAHT Guide can be accessed via **Money Laundering (admin.ch)** at any time.

**Publisher**

Federal Department of Justice and Police  
Federal Office of Police fedpol  
Money Laundering Reporting Office (MROS)  
3003 Bern, Switzerland  
Tel: +41 58 463 40 40  
E-mail: [meldestelle-geldwaescherei@fedpol.admin.ch](mailto:meldestelle-geldwaescherei@fedpol.admin.ch)  
[www.fedpol.admin.ch](http://www.fedpol.admin.ch)

**Title**

Financial Intelligence against Human Trafficking, Guide

© 2024 fedpol  
All rights reserved

The content of this publication may be freely used and copied for educational and other non-commercial purposes, provided that such reproduction includes a reference to the Federal Office of Police fedpol.

Design: Tina Feiertag  
Illustrations: [www.flaticon.com](http://www.flaticon.com)



**Federal Department of Justice and Police**  
**Federal Office of Police fedpol**  
**Money Laundering Reporting Office (MROS)**  
3003 Bern, Switzerland  
Tel: +41 58 463 40 40  
E-mail: [meldestelle-geldwaescherei@fedpol.admin.ch](mailto:meldestelle-geldwaescherei@fedpol.admin.ch)  
[www.fedpol.admin.ch](http://www.fedpol.admin.ch)



**Office of the Special Representative  
and Co-ordinator for Combating  
Trafficking in Human Beings**  
1010 Vienna, Austria  
Tel: + 43-1 514 366 664  
E-mail: [info-cthb@osce.org](mailto:info-cthb@osce.org)  
[www.osce.org/cthb](http://www.osce.org/cthb)