

IWT FINANCIAL FLOWS TOOLKIT

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About IWT

The Illegal Wildlife Trade (IWT) is a serious transnational crime costing \$23b per year, impacting on security, economic prosperity and human health. The criminals engaged in the higher reaches of this trade include corrupt officials, organised criminal networks and terrorist groups, all of whom seek to make profit through exploitation of endangered species and convergence with broader transnational organised crime. Tackling these groups requires a collective response from the public and private sector to ensure the criminal groups engaged in IWT do not profit from their crimes.

As emphasised by global bodies including the Financial Action Task Force and highlighted in recent statements by the G7, traffickers resort to financial crime throughout the chain of IWT from poacher to illicit consumer. Along the way these financial flows fuel corruption and money laundering and represent a grave threat to global finance. A FATF IWT Report in 2020 co-led by UK/Botswana/China, which highlighted 'following the money', has as one of its key recommendations the need to drive progress through public-private partnerships. Without following the money, it is very difficult to detect the wider criminal syndicates and their heads.

The IWT Financial Flows toolkit is a response to this requirement, providing a valuable resource for a variety of financial institutions, helping to raise awareness, generate enthusiasm, and most importantly provide resources and guidance to better support the efforts of the financial sector in identifying flows linked to the IWT. It will also be of use to law enforcement and other stakeholders in the fight against IWT.



Key panels of the toolkit

About IWT

Providing key statistics and data to outline the scale and impact of IWT, enhancing organisations' understanding of the trade and its threat to their business.

Framework

Developing a company-wide approach to tackling IWT including areas such as tone from the top and incorporating IWT into current ESG policies.

Red Flags

Identifying common red flag indicators of IWT and key word searches to aid detection primarily in Africa, Asia and associated Global Financial Centres.

Media Wall

Global and diverse voices ranging from anti-poaching units to global heads of compliance, who are paving the way in tackling IWT and its associated money flows reflecting the value of a system-wide response.

Risk Assessment

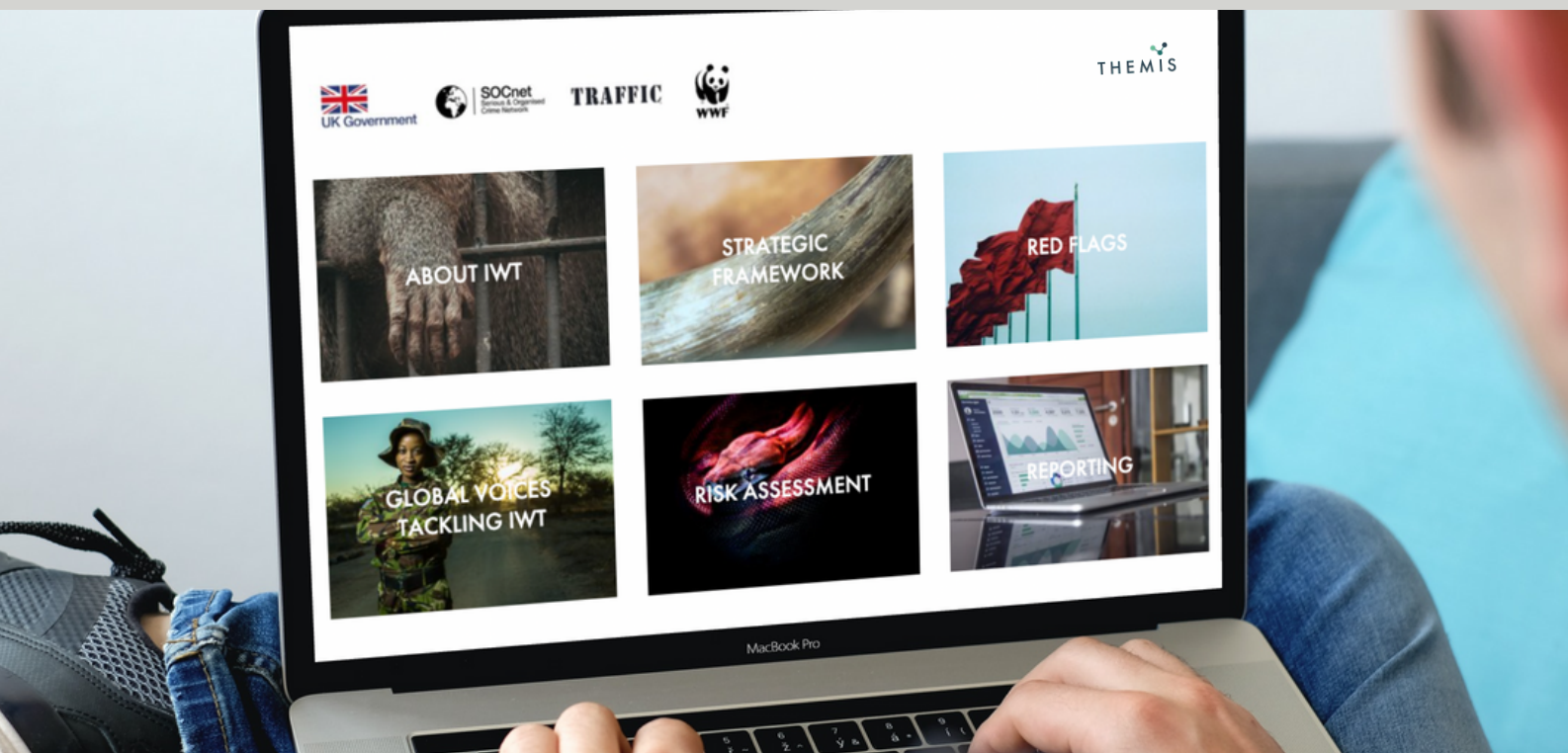
Determining an institution's potential exposure to the IWT and the appropriate controls needed within an organisation to address the issue.

Reporting

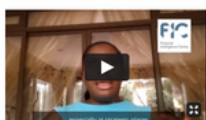
Detailing best practices in filing suspicious transaction reports to provide actionable intelligence and future analysis of IWT by local law enforcement.

Stakeholder Input

Alongside UAE collaboration, the toolkit has been developed with the support of WWF, RUSI, TRAFFIC, UfW, and multiple financial sector institutions to ensure its relevance, accuracy, and utility as a resource.



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Due to the global nature of IWT, financial institutions have an important role to play in reporting suspicious links both to the underlying trade and supply chain flows, but also by providing intelligence on the concealment and flow of payment methods used by traffickers. However, according to a recent report by Egmont Centre of FIU Excellence and Leadership (ECOFEL) global Financial Intelligence Units (FIUs) have reported low levels of financial investigations into wildlife crime, possibly due to "a lack of financial scrutiny and low penalties" for traffickers, making wildlife crime "a highly profitable, low risk enterprise for perpetrators."

This section is designed to encourage and help institutions raise both higher volumes and better quality Suspicious Transaction Reports (STRs). Although different countries have specific suspicious transaction reporting templates, there is clear guidance from international bodies over what to include. A common theme across bodies including FATF, the UNODC and the Wolfsberg Group of banks is that the quality of suspicious transaction reports is key to gaining a fuller picture of the underlying trade.

For further guidance on how to submit a clear and comprehensive

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ILLEGAL WILDLIFE TRADE TOOLKIT

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- The reason for suspicious activity is indirectly involved
- An understanding of the underlying trade
- Who they are/where they are/when they are/why they are/where they did it/how they are doing it

Listen to Agnes Magero, SAFARICOM talk about Kenya.



Geographical Red Flags



Transportation Red Flags



Client Profile Red Flags



Transactional Red Flags



Trade-Based Money Laundering (TBML) Red Flags



Corruption Red Flags

Download a full copy of Red Flags Guidance

IWT RED FLAGS

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A significant amount of work has gone into developing red flag indicators related to the illegal wildlife trade which can be used by financial institutions, such as banks, to help identify suspicious activity and to assist in reporting to the relevant authorities. The Financial Action Task Force has led the way in leading its own 'Guidelines' for financial institutions. TRAFFIC followed with its 'Global Guide: Financial Flows and Payment Methods' (2019) which provides guidance on how to identify suspicious activity and to assist in reporting to the relevant authorities. This toolkit provides a comprehensive overview of the red flag indicators that have been identified by TRAFFIC and the Financial Action Task Force. It is designed to help financial institutions to identify suspicious activity and to assist in reporting to the relevant authorities.

By compiling data from a range of sources and interviews, our research has identified the most typical criminal behaviour patterns that have been linked to IWT-related suspicious transactions. These red flag indicators are specifically tailored to IWT, to banks and other financial institutions and can be split into the following categories:

1. Geographical red flags
2. Transportation red flags
3. Client profile red flags (CPRF)
4. Transactional red flags
5. Trade-based money laundering red flags
6. Corruption red flags
7. Payment methods

TRAFFIC

IWT REPORTING

ILLEGAL WILDLIFE TRADE TOOLKIT

The illegal Wildlife Trade is a global problem rather than a country specific or regional one. This is due to the scale and demand for the trade. As such, financial institutions need to be vigilant in their reporting of suspicious activity and to assist in reporting to the relevant authorities. This toolkit provides a comprehensive overview of the red flag indicators that have been identified by TRAFFIC and the Financial Action Task Force. It is designed to help financial institutions to identify suspicious activity and to assist in reporting to the relevant authorities.

The greater the level of information shared with Financial Intelligence Units (FIUs) by private sector organisations, the more chance FIUs have to identify potential threats as well as understand links to other serious crimes, such as corruption, trade-based money laundering, drug trafficking and people trafficking.

According to a report by ECOFEL, using all financial investigations associated with wildlife crime, global FIUs have reported low levels of financial investigations into wildlife crime. 30% of FIUs in their survey had not conducted any analysis of STRs related to wildlife. A 2021 study of financial institutions in South Africa by SAFARICOM, shows a very similar picture, with 50% of the institutions surveyed saying they had not investigated any IWT related cases over the last 3 years.

Priorities for wildlife crime globally remain low, with some global money laundering and trade-based money laundering (TBML) analyses of 425 wildlife crime cases from 10 jurisdictions showing that only 1% of all reported criminal activity is connected with wildlife crime. In contrast, money laundering offences can carry significant financial and criminal penalties for the perpetrators (as well as the financial institutions if they fail to detect or report suspicious activity).

By looking at the illegal Wildlife Trade through a financial crime lens and help reports of suspicious financial activity, organisations can help ease barriers for traffickers.

TRAFFIC

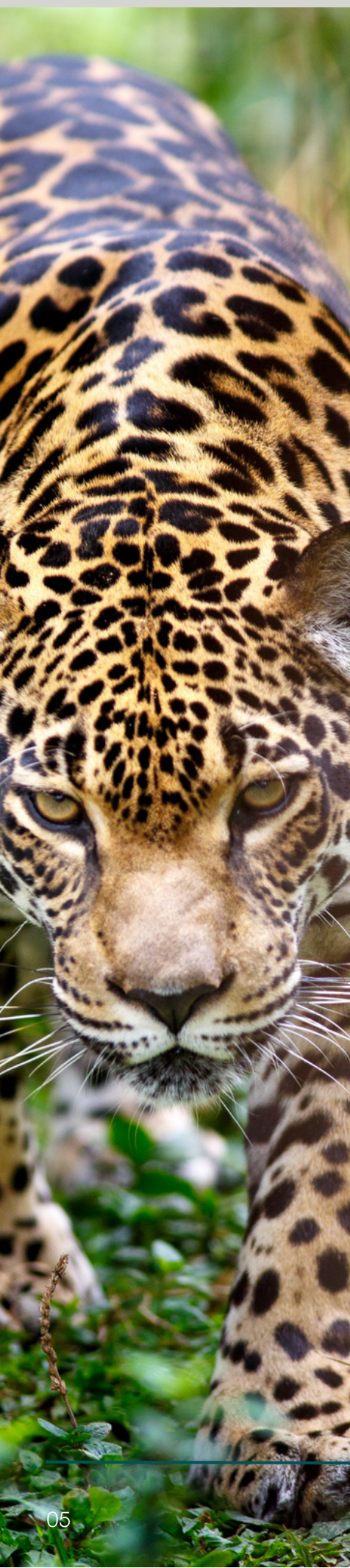
IWT FRAMEWORK PRINCIPLES

ILLEGAL WILDLIFE TRADE TOOLKIT

Businesses need strategic management systems to meet legal regulatory requirements and to manage financial crime risk. Every organisation will be exposed to IWT in a different way, and the financial institutions which are most successful at identifying potential links to the illegal Wildlife Trade are those that follow a five-step process. We recommend:

1. **Strategy**
Recognise that IWT is an issue that impacts all financial institutions, legal or small firms should also have a strategy and procedures to address IWT to avoid all too common false claims.
2. **Enterprise-wide response**
Have clear roles and responsibilities for tackling IWT across the organisation and ensure all staff are aware of the risks and opportunities within the business.
3. **IWT as a product or crime**
Recognise that IWT is a product or crime for money laundering and trade-based money laundering (TBML) and not just a 'by-product' of other financial crime.
4. **Conduct a risk assessment**
Identify the specific IWT-related risks associated with their unique business, such as via policies, procedures, systems and tools that help them detect and report IWT.
5. **Understand IWT's links to other financial crimes**
Often, IWT is more easily spotted via non-IWT specific risk indicators, such as through trade-based money laundering (TBML) or corruption red flags. Financial institutions (FIUs) should ensure that they are monitoring suspicious transactions in a holistic manner and not taking irregularities at face value.
6. **Promote a positive culture**
A strong and positive tone from the top, will reinforce IWT as a management priority and the firm's approach to IWT across the whole organisation.

TRAFFIC



Access the toolkit:

www.crime.financial/iwt

This toolkit has been commissioned by UK Government with the ask that all Financial Institutions roll this out across their teams and use it to enhance their enterprise wide response to tackling this crime.

For more info or support please contact:

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