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Tackling Financial Flows from Illegal Wildlife Trade in East Asia

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ABOUT EIA

We investigate and campaign against environmental crime and abuse.

Our undercover investigations expose transnational wildlife crime, with a focus on elephants and tigers, and forest crimes such as illegal logging and deforestation for cash crops like palm oil. We work to safeguard global marine ecosystems by addressing the threats posed by plastic pollution, bycatch and commercial exploitation of whales, dolphins and porpoises. Finally, we reduce the impact of climate change by campaigning to eliminate powerful refrigerant greenhouse gases, exposing related illicit trade and improving energy efficiency in the cooling sector.

ABOUT LIBERTY SHARED

Liberty Shared aims to prevent human trafficking through legal advocacy, technological interventions, and strategic collaborations with NGOs, corporations, and financial institutions globally.

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Introduction

The illegal wildlife trade (IWT) is a major form of transnational organised crime, generating annual income of between \$7 billion and \$23 billion a year for the criminal syndicates involved. Wildlife crime threatens biodiversity, fuels corruption and impacts public health and the economy.

Yet despite the scale and seriousness of this growing crime type, both public and private sectors in key jurisdictions afflicted by IWT have failed to act against the financial flows linked to IWT in line with the degree of risk. Failure to scrutinise the financial footprint left by syndicates engaged in IWT means that vital opportunities to disrupt their activities are being missed.

In June 2020, the Financial Action Task Force (FATF), the global watchdog on anti-money laundering, released its first report on IWT, finding a dearth of successful cases due to a lack of prioritisation, knowledge and resources.

The problem is particularly pronounced in the East Asia region. Although IWT is a global phenomenon, the

major consumer markets where the bulk of the illicit profits are accrued are found in the region, principally in China and Vietnam. Other countries such as Laos and Singapore are key transit routes for wildlife trafficking.

In this context, regional, national and international banks operating in East Asia have a crucial role to play in curbing financial flows linked to IWT, especially as research indicates widespread use of the formal banking sector by wildlife trafficking syndicates. Conversely, as regulatory measures against IWT are ramped up, financial institutions are facing growing pressure to demonstrate adequate due diligence to exclude wildlife criminals from their client portfolios and develop effective red flags to identify suspicious transactions.

The risk to banks can be mitigated by intelligence-gathering and analysis to understand the supply chains for illegal wildlife products and assess potential exposure. For the past five years, the Environmental Investigation Agency (EIA) and Liberty Shared (LS), both non-governmental organisations, have been collaborating to assist in filling the information gap on how wildlife trafficking syndicates operate and move money by mapping out the whole supply chain.

Using a combination of open source intelligence and investigations, the partners have produced IWT case studies to identify bad actions, actors and relationships that drive and profit from wildlife trafficking. Output of these analyses, in narrative and map form, are termed 'typology information products' and seek to determine the underlying reasons for client transactions and the nature of the underlying criminality that cause or drive the movement of money.

This briefing summarises the main findings from the case studies and highlights the role of East Asia in IWT and the actions needed by financial institutions operating in the region.

The East Asia dimension to IWT

In 2020, the UN Office on Drugs and Crime released its latest World Wildlife Crime Report, based on detailed analysis of wildlife seizures from around the world. It demonstrated the global nature of IWT, with traffickers identified as coming from 150 countries, but also highlighted the prominent role played by East Asia. For example, the top three species of fauna seized between 2014-18 by value were elephants, pangolins and rhinos, which collectively accounted for 56 per cent by value of all wildlife during the period. The main consumer markets for all three of these endangered species are to be found in East Asia.



Elephants

China is the world's largest consumer market for illegal wildlife products and serves as a major destination for elephant ivory poached in Africa.

Despite the Chinese Government's progressive policy of closing its domestic ivory market in early 2018, a black market persists, with Chinese organised crime groups linked to ivory smuggling from Africa.

Prior to the sales ban, smuggling ivory tusks across international boundaries and into China was especially lucrative, with a consignment of three tonnes netting a profit of \$3 million during the peak years of trade. One leading trafficker estimated that buyers made a profit of \$75 per kg selling the tusks onto carving factories in eastern China.

EIA's research and analysis of seizure data indicates that China has been implicated in the trafficking of at least 95 tonnes of elephant ivory between 2000-20, 44 tonnes of which was seized in the country. As enforcement

against the ivory trade inside China has strengthened, new markets have emerged in neighbouring countries with weaker enforcement, such as Laos, catering exclusively to Chinese buyers visiting as workers or tourists.

Vietnam has emerged as major hub in the global illegal wildlife trade, serving as both a transit route and a consumer market. Vietnamese crime syndicates have been documented operating as poachers and smugglers in a host of source countries throughout Africa and Asia, notably Angola, Laos, Malaysia, Mozambique, South Africa and Togo.

In 2019, a comprehensive analysis of global ivory seizures conducted for the UN Convention on International Trade in Endangered Species (CITES)



revealed that, for the first time, Vietnam had supplanted China as the world's leading destination for illegal ivory.

Although Vietnam was fourth in terms of the number of seizures, it was far ahead of other countries in terms of the quantity of ivory in trade, with an amount twice that of the second-placed country. EIA's own ivory seizure database reveals that since 2004, Vietnamese syndicates have been involved in the illegal trade of 101 tonnes of ivory, equivalent to 15,000 dead elephants. The records show 70 tonnes of ivory seized in Vietnam and 31 tonnes intercepted en route. As seizures only represent a small fraction of the contraband in trade, the true scale of ivory trading in Vietnam is far higher.

Findings from the analysis of seizure are reinforced by surveys of the availability of ivory products in Vietnam. A 2016 report found the number of items on sale had grown by more than six times between 2008-15 and that the number of carvers in the country rose tenfold during the same period.

Laos is an internationally significant source, transit

and destination country for endangered species. Laos's geography and close economic relationship with consumer markets in China and Vietnam has seen the country emerge as a growing retail destination for consumers of wildlife products from neighbouring countries.

In 2017, Laos became the fastest growing elephant ivory market in the world. An estimated 11.3 tonnes of ivory linked to Laos was seized between 2010-16. In 2015 alone, three consignments totalling six tonnes of ivory from Kenya, the Democratic Republic of Congo and Nigeria were seized in transit in Thailand, en-route to Laos.

Seizures suggest large amounts of ivory have been smuggled into Laos from Thailand and Vietnam for Chinese consumption. Ivory products have been documented by EIA on sale in a number of locations, including retail shops in Sanjiang market, Vientiane, and Luang Prabang, as well as outlets in the Golden Triangle Special Economic Zone.



Above: Pangolin scales are used in a range of traditional Chinese medicine products

Pangolins

Pangolins, which are found in both Asia and Africa, have become the world's most trafficked mammal species, driven by surging demand for the animal's meat and scales, which are used in traditional Chinese medicine.

China is the largest market for pangolin scales, with a series of multi-tonne seizures in recent years both within China and en route to the country. According to the World WISE database, 71 per cent of seizures of whole pangolin equivalents recorded between 2007-18 were destined for China. In October 2019, the Chinese Government seized 23 tonnes of pangolin scales in China from shipments originating in Nigeria, via the Republic of Korea.

Vietnam serves as a key transit route for the smuggling of pangolin scales bound for China and Vietnamese-led syndicates are actively engaged in trafficking pangolins. EIA's seizure database shows that between 2003-19, 5,800 whole pangolins and 35 tonnes of scales have been seized in Vietnam, representing 22,000 pangolins in total. In addition, a further 3,190 whole pangolins and 30 tonnes of scales seized in other countries were bound for Vietnam.



Rhinos

Since 2006, at least 9,200 rhinos have been poached across Africa to supply the main consumer markets of China and Vietnam. Vietnamese nationals play a central role in the illicit trade in rhino horn; 56 per cent of Asians arrested in South Africa for rhino horn smuggling are Vietnamese.

Vietnam's rise as the major rhino horn consumer began a decade ago, fuelled by growing wealth and the use of rhino horn as a status symbol. Vietnamese crime gangs rapidly expanded into key source and transit countries, such as Laos, Mozambique, South Africa and Thailand to fulfil the demand, spurred by the huge profits to be made from trafficking rhino horn, which is worth more per kilo than cocaine and is one of the most lucrative illegal wildlife products.

EIA's database of rhino horn seizures, based on open source reports, shows that between April 2006 and April 2019, a total of 632 rhino horn seizure cases occurred, totalling six tonnes in weight and equivalent to 2,200

individual rhino horns. Approximately 27 per cent of global seizures by weight are linked to Vietnam.

In addition to its role as a major consumer, Vietnam also serves as an important transit route for rhino horn destined for neighbouring China. In northern Vietnam, handicraft markets such as Nhi Khe, an hour's drive from Hanoi, offer a range of rhino products such as carved horns, beads, bracelets and pendants designed specifically for Chinese customers. Between 2006-20, China has been linked to the seizure of 2,326.4kg of rhino horn, 64 per cent (1,487.7kg) of which was seized in China and the remainder outside the country.



Tigers

Between 1999 and 2020, a minimum of 330 seizure incidents involving tigers and other Asian big cats have been linked to China; 86 per cent of these incidents occurred in China, 12 per cent were made in other countries for which China was reported as the destination of the shipment or location of buyers and a remaining two per cent were seizures made in other countries that reportedly came from or through China.

After years of poaching pressure, Vietnam's wild tiger population is now functionally extinct. Despite this, Vietnam remains a key source for parts and products from captive-bred tigers, a transit route for tiger products bound for China and a major consumer of tiger products.

Since 2005, at least 108 tiger skins and carcasses have been seized in Vietnam, as well as 17 skeletons. Vietnam is also implicated in seizures of 57 tigers in other countries, including the Czech Republic, Malaysia, South Africa and Thailand.

Vietnamese nationals have been involved in poaching wild tigers in Malaysia, with six Vietnamese nationals arrested close to a national park in Malaysia in possession of three tiger carcasses.

Tiger parts from captive breeding facilities in Thailand and Laos, especially bones, are smuggled into Vietnam to supply the domestics market and for onward trade to China. Significant sales of tiger parts by Vietnamese nationals using online platforms has also been recorded, with 164 cases of tiger parts and products being offered for sale in a six-month period.

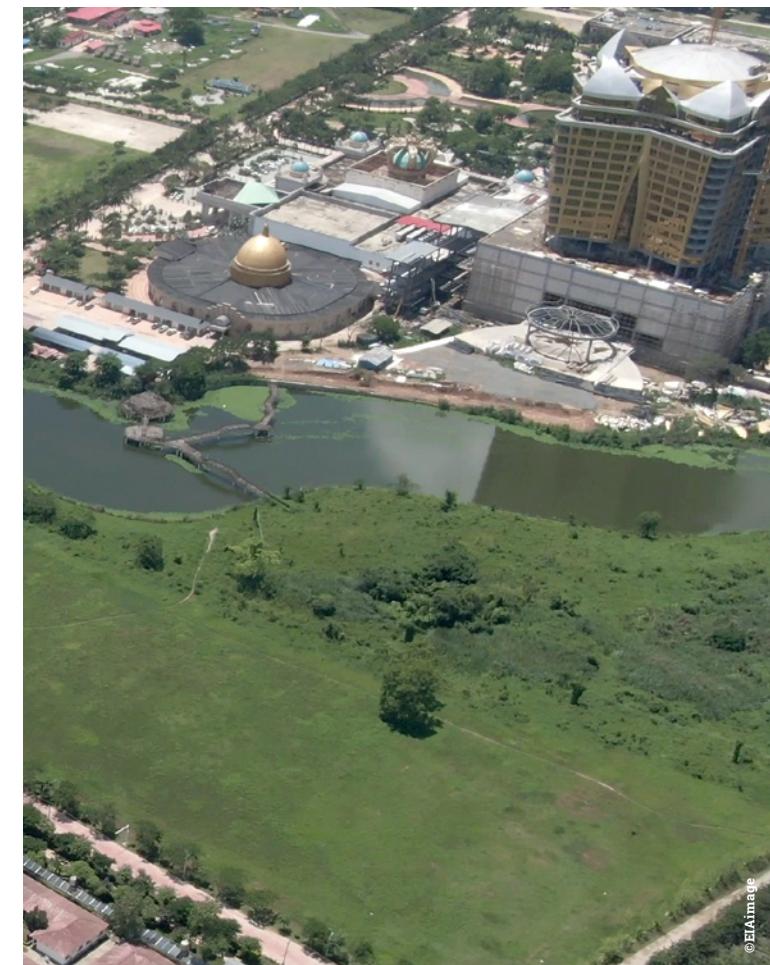
Laos remains central to illegal tiger trafficking and trade in parts and products. In addition to 17 tigers seized in Laos since 2010, an analysis of trafficking incidents found Laos featured significantly as a source of tigers seized in Vietnam; given that Laos has no remaining wild tiger population, most of these tigers likely originate from captive populations.

Organised crime convergence

Some of the major Asian-led wildlife crime syndicates are also involved in other forms of criminality, including drug trafficking, money laundering and loan sharking.

For example, in January 2018 the US Department of the Treasury sanctioned Zhao Wei, owner of the Kings Roman Group casino in the Golden Triangle Special Economic Zone, located in northern Laos, for running a transnational crime network engaged in money laundering and trafficking of drugs, humans and wildlife.

Right: The Kings Romans Casino in northern Laos is a hub for wildlife trafficking and other forms of organised crime



Case studies

EIA and Liberty Shared have developed a series of typologies on the illegal wildlife trade based on open source intelligence, field investigation and scrutiny of court records. The main findings from some of these cases are summarised below.

1. Trafficking of ivory from Tanzania to China

During the past decade, Tanzania lost more elephants to poaching than any other country in Africa. Between 2009-14, its elephant population plummeted from 110,000 to 43,000, a 60 per cent loss. Throughout this period it was targeted by organised crime groups intent on trafficking huge amounts of raw ivory tusks from East Africa to burgeoning markets in East Asia, principally China. The potential profits were huge, with a kilo of raw ivory which could be brought from local poachers for a little as \$50 fetching up to \$2,000 per kilo in China.

In November 2013, police in Dar es Salaam, Tanzania's commercial capital, raided a large house in the wealthy suburb of Mikocheni following a surveillance operation. Three Chinese men were discovered packing ivory tusk sections into sacks with seashells and garlic. In total, 706 pieces of tusks were seized, weighing 1.8 tonnes and valued by the Tanzanian Government at \$2.5 million. An attempt was made to bribe the arresting officers with \$50,000 in cash.

Shipping documents discovered at the residence indicated previous exports by the group and a suspicious consignment about to leave from the Tanzanian port of Malindi, in Zanzibar. Authorities inspected the suspect container, declared as shells, as it was about to be loaded onto a vessel for transport to Manila port in the Philippines and discovered a further 1,023 pieces of ivory tusks concealed in sacks with shells and garlic. The tusks weighed 2.9 tonnes and were valued by the Tanzanian Government at \$3.4 million.

Further scrutiny of documents found at the house in Dar es Salaam revealed two Tanzanian-registered companies operating at the address. The

firms were ostensibly engaged in importing agricultural products and foodstuffs from China and exporting marine products to China. Company records led the Tanzanian authorities to identify two Chinese nationals controlling the companies. Both fled to China soon after the raid.

Initial financial investigations uncovered accounts linked to the two front companies in both US dollars and Tanzanian shillings held with two banks. Transactions analysis showed transfers with four accounts linked to four companies in mainland China and three companies based in Hong Kong. The four Chinese businesses purported to deal in foodstuffs and general import and export.

The Tanzanian-registered companies were created as a front to conceal the group's ivory trafficking activities and cover the movement of funds between linked entities in China and Hong Kong. On a single day, half a million dollars in cash was paid into the main front company account in two tranches, yet no suspicious transaction report was raised by the bank.

Lengthy jail sentences were handed down to the Chinese packers and the two Tanzanian dealers, yet the Chinese coordinators, identified through company and financial records, had fled soon after the initial seizure.

Although a financial investigation was initiated, it did not lead to money laundering charges, although it did reveal how the main culprits had devised a system of front companies to mask their ivory trafficking activities. The formal banking system was used for transfers between related accounts in both dollars and Tanzanian shillings, but large cash deposits were overlooked by the banks concerned.

Left: Premises in Dar es Salaam, Tanzania where a police raid discovered 1.9 tonnes of ivory tusks



2. Trafficking of ivory and pangolin scales from Africa to China

Tanzania's southern neighbour Mozambique has also suffered devastating levels of elephant poaching, reducing its population to just 9,605 in 2014, a 53 per cent decline in just five years. The poaching has been concentrated on the Niassa Reserve in the north of the country, with the nearby port of Pemba offering a convenient exit route for large-scale ivory consignments.

In April 2016, EIA undercover investigators operating in Pemba encountered three Chinese nationals who initially claimed to be in the seafood trade. It later transpired they were actually in the town to inspect 2.3 tonnes of ivory tusks that a Tanzanian accomplice had collected at a secure location. They left town the day before the tusks, concealed in a shipping container with plastic pellets, was loaded onto a vessel. Six months later, the consignment of tusks arrived in the trio's hometown of Shuidong, in southern China, having followed a circuitous route to avoid detection.

Each of the three played a distinct role in the 2.3 tonne shipment of tusks. Suspect 1 owned a 50 per cent share of the consignment and had the contacts to sell the tusks to Chinese buyers once the shipment reached Shuidong. Suspect 2 was employed as a fixer for a set fee due to his experience in East Africa and his relationship with

the Tanzanian accomplice and received a fee of RMB450,000 from the owners of the consignment. Suspect 3 was the representative of a Hong Kong-based businessman who owned the remaining 50 per cent of the consignment. Two of the group had been involved in ivory trafficking for more than a decade after being introduced to the illicit business by their uncles. Two of the group were also involved in smuggling pangolin scales from Nigeria in West Africa.

The Chinese traffickers did not directly source poached elephant tusks themselves. Instead, they relied on a trusted local confidantes based in Africa to collect the ivory from local poachers and intermediaries. Funds were transferred from China in several tranches by the group, via a Chinese money changer based in Tanzania, to fund the collection of ivory until an agreed volume was reached. A down-payment of \$100,000 was made in cash in January 2016 during a meeting between two of the Chinese smugglers and their Tanzanian accomplice in Dar Es Salaam. An initial price of \$250 per kilo was agreed.

Above: The town of Shuidong in southern China served as a major gateway for shipments of illegal wildlife entering the country



The shipment was routed via the port of Busan, in South Korea, where a complicit freight agent arranged another bill of lading for transport of the container to Hong Kong, thus obscuring the origin of the shipment in Africa. The choice of plastic pellets for concealment was carefully chosen by the group as one of them owned a plastics production factory in southern China, so the apparent shipment of plastic pellets would not appear suspicious to customs officers.

In October, the smugglers invited EIA undercover investigators to a safe house outside Shuidong to view part of the ivory consignment smuggled from Pemba, believing them to be potential buyers. The asking price for the high-quality tusks was RMB5,100 (\$720) per kilo, compared with RMB4,000 (\$565) per kilo for the whole amount of 2.3 tonnes.

The Shuidong group revealed that most of their buyers came from neighbouring Fujian Province, especially the ivory carving centres of Putian and Xianyou. Usually, consignments of tusks would be sold within a week of arrival in Shuidong, with the buyers from Fujian transporting the chosen tusks in a fleet of SUV vehicles. The Fujian buyers would then sell on to carving factories for processing into finished products for sale within China.

Below: Consignment of ivory tusks smuggled from Mozambique to Shuidong in 2016

The ivory was eventually sold in three batches (717kg on 31 October 2016, 797kg on 20 December 2016 and 791kg on 16 April 2017) to a buyer from Fujian. Three separate payments were transferred to the bank account of Suspect 3 for the three batches – RMB2.87 million, RMB3.25 million and RMB 3.29 million. Total payment for the 2.3 tonnes was RMB9.35 million (\$4.9 million). Suspect 3 then made transfers to the bank accounts of his accomplices for their share of the profits.

Two main financial flows associated with the ivory trafficking activities of the Shuidong group were identified. The first involved the transfer of funds from China to Africa to fund ivory collection and pay the balance owing once the contraband had been inspected. For this the group used a network of Chinese informal money changers based in Africa. Funds in Chinese renminbi would be paid into a designated Chinese account belonging to the selected money changer and these would be paid out in US dollars cash in Africa. The second was the payment for ivory tusks sold within China by the Shuidong group to buyers from Fujian. These transactions were all made in Chinese renminbi by bank transfer.

In July 2017, Chinese enforcement agencies raided Shuidong town, leading to the eventual arrest and prosecution of the three ivory traffickers.



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3. Wildlife trafficking from Africa to Vietnam

Investigations conducted by EIA in Africa and Asia between April 2016 and December 2017 documented organised Vietnamese-led criminal networks involved in the trafficking of multiple species, especially elephant ivory, pangolin scales and rhino horn.

The networks identified by EIA are linked to the trafficking of more than 25 tonnes of ivory. EIA investigators strategically engaged key targets all along the illegal wildlife trade chain – suppliers, packers, shippers, fixers, transporters, financiers and buyers. These encounters enabled EIA to map the networks involved and the scope of their operations. EIA also found a significant level of convergence; for example, transporters operating in Malaysia, Laos and Vietnam are actively involved in smuggling large-scale shipments of illegal products sourced from multiple species, including single shipments with different species such as ivory and pangolin scales.

The Vietnamese syndicate employed a specialist packer who would be sent to Africa for a set period of time to organise the packing of consignments of ivory tusks. One common method was to hollow out wooden logs and conceal the tusks inside, covered with wax. Plastic mouldings of fake stone slabs were also used.

The group also used a specialist transporter to organise logistics to ensure ivory consignments arrived in Vietnam without detection. The Malaysian national was responsible for receiving illegal wildlife products in Johor Sea Port, in Malaysia; arranging the trans-shipment and re-packaging of illegal wildlife products in Malaysia; and for arranging onward transport to Laos via air cargo. Once the wildlife consignment arrived at

Wattay International Airport in Vientiane, Laos, a Vietnamese confederate would arrange onward transport to Vietnam by road, via the Cao Treo border crossing.

The Malaysian national would receive payments from his customers into a Malaysian bank account through a money exchange service based in China. He claimed that the bank account details of the Chinese underground bank are valid for one day only and that once the funds are deposited in China, the money is transferred to his bank account in Malaysia within two hours.

The Vietnamese national would provide assurance to her customers by using an advanced deposit to serve as a guarantee of safe transportation. The deposit is transferred from her bank account. For new customers, she would place the deposit at a gold shop in Hanoi. For customers, the deposit is made directly into their bank account.

The Malaysia-Laos smuggling pipeline was used by a Vietnamese senior syndicate member based at a town called Nhị Khê, in northern Vietnam, a major hub for trading of illegal wildlife. He directly sourced ivory and rhino horn from Mozambique and Nigeria and used a gold shop as an intermediary to offer a guarantee for payments.

He would deposit an advance payment at a gold shop which could be claimed by his buyer in the event of non-delivery of the contraband. His buyers were also required to make a deposit at the shop which he could obtain in the event of non-payment for tusks and horns delivered.

Above: Ivory products on sale at Nhi Khe market, northern Vietnam

The role of financial institutions in curbing wildlife crime

Despite the billions of dollars being made by wildlife trafficking gangs in East Asia and beyond, until recently scant attention was paid by financial regulators and banks to the associated financial flows.

Prosecutions of wildlife traffickers for money laundering offences are extremely rare. A 2016 survey of 45 countries by the UN Office on Drugs and Crime found that while 86 per cent reported being affected by wildlife crime, only 26 per cent of countries surveyed had conducted financial investigations into wildlife crimes and in only one per cent of cases were AML laws use. Vital opportunities to dismantle illegal wildlife trade syndicates by conducting financial investigations, anti-money laundering prosecutions and asset seizures are being missed.

There are signs that the situation is changing for the better. The international community is now paying more attention to the threats posed by rampant wildlife trafficking. As a result, financial regulatory agencies, especially Financial Intelligence Units (FIUs), are putting a greater onus on wildlife crime cases.

In June 2020, the Financial Action Task Force (FATF) produced its first report on IWT which noted that while IWT is a major transnational organised crime there was a lack of focus on financial aspects of these crimes. It called for combating financial flows linked to IWT to be prioritised in proportion to the level of risk and for increased cooperation between government agencies and the private sector.

Increased attention by FIUs on IWT will inevitably filter down to financial institutions And proactive measures by banks in Asia to actively identify and report movements of money linked to wildlife traffickers are vital.

Right: Profits from the illegal wildlife trade flow through major financial centres in Asia, such as Hong Kong



Underlying issues limiting success of financial crimes strategy

Success at disrupting and defeating wildlife trafficking via the financial services and banking industry relies on four crucial developments.

The first, on which there has been much discussion, is the needed increase in effort by crimes teams in financial institutions to recognise and include the risk wildlife trafficking brings to their organisations. The issue has been embraced by many western banks, operating at a global level, primarily in the area of transactional services and correspondent banking.

Obviously, those financial institutions which work in emerging markets have greater risk of being more than just a part of the transaction; those with clients in emerging markets may be providing a range of services to individuals and groups which are running sophisticated businesses, such as in the tourist, hospitality, investment, transport and real estate industries. It must be remembered that the primary reason a business attends to this, or any risk, is to protect its ongoing business and its shareholders. The contribution and dedication from teams within these institutions is very welcome but as teams come and go, the systemic motivation remains the same – risk and liability. It follows that the largest banks have the highest systemic risk.

The response from global banks has been positive, although largely limited to the one area of correspondent banking services, but to respond to this issue on the scale needed, regional and local banks and also money service providers need to become involved. As set out below, there are important reasons why they lack commitment and have yet to adopt measures that would disrupt and defeat trafficking while protecting wildlife.

The second issue, which explains the weakness of the response by regional and local banks, is that there is limited conformity across jurisdictions to the treatment of wildlife trafficking.

In 2017, 71 per cent of the jurisdictions which responded to the Asia Pacific Group on Money Laundering and UNODC Research Report¹ reported they do not regard wildlife crime to be a significant money laundering threat in their jurisdiction. For 22 per cent of jurisdictions, wildlife crime was not a predicate offence

for money laundering in their national legislation. Furthermore, nearly 50 per cent classified wildlife trafficking as an environmental crime, 10 per cent as a smuggling offence and 10 per cent defined it as some other offence.

In 2017, Legal Atlas² assessed the anti-money laundering laws of 110 jurisdictions to identify how they interact with international wildlife trafficking laws. The study concluded that 62 per cent of jurisdictions met political commitments made at the UN to ensure that offences related to the illegal wildlife trade are treated as money laundering predicate offences.

It is important to understand that if the law is unclear and/or untested, or if there is simply no relevant law, then the risk of liability is very limited and in practice perhaps negligible. This is the current situation in many jurisdictions and, as a result, the issue of wildlife trafficking is not necessarily a feature of many financial institutions risk priorities.

Away from the banking and financial services industry, resources spent pushing the financial sector to respond will be wasted without a consistent legal framework creating liability and requiring better practices because increased risk of liability is the primary driver of change.

Below: Consignment of six tonnes of ivory seized in Malaysia in 2012. Follow-up financial investigations into wildlife seizures are vital to identify the main culprits and seize the profits



Thirdly, even if more financial institutions do take action and the gaps in the laws are filled, there is still an insufficiency of data and intelligence to overcome to ensure significant disruption.

At present, as set out in the Financial Action Taskforce's 2020 report, *Money Laundering and the Illegal Wildlife Trade*,³ there are only a handful of NGOs gathering actionable information and intelligence. Law enforcement agencies focusing on wildlife trafficking are under-resourced in relation to this issue, particularly in those jurisdictions where the targeted wildlife exists.

But, most problematic, are those jurisdictions where the law is undeveloped or absent, where there are limited to no law enforcement agencies, for without the law there is nothing to enforce.

There are grounds for encouragement, such as the Lusaka Agreement Taskforce⁴ and the development in a number of wildlife enforcement network collaborations in Asia,⁵ but these endeavours are too few in number and, unsurprisingly, have yet to yield the data and intelligence needed.

Currently, the issue falls to a small number of financial institutions which are well-resourced to analyse data but require leads, to a small number of law enforcement agencies with powers relating to banking secrecy and anti-money laundering and to a handful of NGOs. This is explored well in Financial Action Taskforce's 2020 report.⁶

In addition, the current objective is primarily to identify perpetrators and their transactions rather than to address the larger issue of wildlife trafficking as part of efforts to prevent destruction and exploitation of the environment and wildlife. Transactional information is obviously important but it is very specific and does not necessarily provide a larger sense of the impact on wildlife and the environment, nor on the destruction caused by perpetrators and the consumer demand.

Finally, there is the matter of focus. As mentioned, disrupting and defeating trafficking is a key component of environmental protection and wildlife conversation, yet viewed through the lens of financial crimes in financial institutions, it is more often structured as fighting organised crime.

The difference is easy to understand as the immediate risk to financial institutions arises from the actions of their clients, not from harm to wildlife and the environment, since financial crimes arise from the movement of money from the predicate offence. However, some of these perpetrator clients also receive other banking services that may have a much longer duration of risk of liability than merely transactional dealings. Perpetrators seek to profit in order to invest and spend and financial institutions – and the financial services they provide to these perpetrator clients such as loans, credit facilities etc – may have an even greater impact on wildlife and environmental crime as current and new business activities are continued and commenced.

Recommendations

- As a transnational problem, it is crucial that a much greater number of financial institutions become actively involved in disrupting and defeating wildlife trafficking. Standard Chartered Bank has had a third party correspondent banking training programme since 2015, which discusses and trains smaller regional and local banks on a range of financial crimes and compliance issues.⁷
- Financial institutions have been examining data and intelligence concerning perpetrators but should also understand the species at risk. Many species beyond those characterised as charismatic are at risk and are underrepresented in discussions even though they are trafficked together with more iconic species.
- More collaborations are needed with a wider range of NGOs to collect and analyse data and intelligence. Not all data and information needs to be immediately actionable; the broader context is very important to ongoing and future risk assessment. Context will help identify how current situations are changing and new situations likely to arise.
- Financial institutions along with legal, risk and compliance teams must gather specific data points for red flags and also compile richer data about the problem to identify how they might be supporting client activities which enable wildlife trafficking and other related criminal activities, such as deforestation for industrial agriculture, infrastructure projects or extraction. It is obviously inefficient and wasteful for financial institutions to be spending resources to identify and reduce risk of exposure to financial crime while other parts of their business are effectively creating that risk.
- Wildlife trafficking should be viewed as a part of the larger effort to pursue environmental protection and wildlife conversation, not just pursuit of organised crime.

Conclusion

Disrupting and defeating wildlife trafficking is simultaneously about the fight against profiting from unlawful and criminal sale of species and about the protection of the natural environment and its inhabitants.

Disrupting and defeating wildlife trafficking is simultaneously about the fight against profiting from unlawful and criminal sale of species and about the protection of the natural environment and its inhabitants.

Trafficking activities are not undertaken separately and distinctly; along with wildlife trafficking, there is often also human trafficking, deforestation, illegal logging and harm to indigenous peoples. With these activities come corruption and money laundering. The simple motivation driving all of these activities remains profit.

"Follow the money" overly simplifies the issues and the challenges which are both policy practice and procedure, but also deeply structural. Analysis of wildlife trafficking crimes demonstrates their great complexity and indicates there must be a recognition that substantial developments are required to respond to them.

Current efforts are piecemeal and must be seen as such, which does not reflect badly on individual efforts by parties to reduce risk but points to the grander strategies required, with more coordination of financial institutional involvement, legal development, improvement of data and intelligence and attention to species as well as to perpetrators.

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