



CASE STUDY

Helping Financial Institutions Recognize Child Exploitation Through Compliance Programs

According to WeProtect’s Global Threat Assessment, the International Center for Missing and Exploited Children (“ICMEC”) processes on average 60,000 reports of child sexual abuse online every day.¹ Furthermore, reports of video files have increased more than 40% from 2020, which has led to the global spread of child exploitation materials.² With online sexual exploitation of children rising, early detection and prevention of suspicious activities is essential. Monitoring and tracking suspicious financial behavior might provide insight to sources of child exploitation, so banks and financial institutions (“FIs”) have an opportunity to form compliance programs which address this directly.

SITUATION

In late 2020, FTI Consulting’s Forensic & Litigation Consulting segment in Asia was engaged by a top-tier law firm on behalf of ICMEC for their expertise in financial crime and compliance. Led by Senior Managing Director Rod Francis, a team of professionals advised and assisted in developing a toolkit on how FIs might structure their compliance programs to detect and prevent suspicious activities.

OUR ROLE

FTI Consulting professionals provided a “teach-in” to both ICMEC and the law firm project team, covering mechanics of payment flows and transaction monitoring and reporting by FIs, differences between monitoring by “core” retail banks and other payment intermediaries, difficulties that may arise as a result, and areas of weakness in FIs’ identification and reporting of issues and interaction with regulators and law enforcement agencies. Furthermore, the team assisted in developing a process to better understand how select FIs identify transactions that are potentially related to the online sexual exploitation of children.

Our team also participated in outreach to banks and FIs to understand their risk management practices around monitoring child exploitation in their respective institutions which helped inform FTI Consulting’s final deliverable to the client.

“Over the last two years, ICMEC has benefited greatly from the knowledge and expertise of the FTI Consulting team in Hong Kong in our effort to counter the scourge of commercial child sexual exploitation in the APAC region. In particular, the team’s experienced approach to risk and compliance added real value with substantive content and nuance going into the development of the Financial Industry’s Child Protection Toolkit 101. We could not have expected more from a partner and are truly grateful. They have been great colleagues gracious about sharing expertise, and reachable and generous with their time.”

– Bindu Sharma, Managing Director, ICMEC

1. WeProtect Global Threat Assessment 2021 - <https://www.weprotect.org/global-threat-assessment-21/>
2. NCMEC, Our 2021 Impact - <https://www.missingkids.org/content/ncmec/en/ourwork/impact.html>

OUR IMPACT



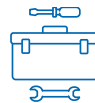
With over 45 hours dedicated to the pro bono project, FTI Consulting helped develop risk management guidance and educational tools for law firms, FIs and ICMEC to monitor suspicious financial activity that might lead to child exploitation.



FTI Consulting also provided subject-matter expertise to educate ICMEC and law firms and helped develop materials for anti-money laundering (“AML”), investigations and AML data analytics teams.



The team played an instrumental role in raising awareness amongst banks and FIs about child exploitation and typology-driven data analytics.



A toolkit and high-level typology-driven data analytics framework was developed, which banks and FIs can rely on to identify and report transactional activity indicative of child exploitation.