

# TRAFFIK ANALYSIS HUB REPORT 2021

CASE STUDY RESEARCH AND ANALYSIS

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Traffik Analysis Hub

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# INTRODUCTION

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We contend that trafficking and exploitation, either sexual or labour, is an economic activity that creates revenue that is diverted from those who work. Traffik Analysis Hub (TA Hub) has built the world's largest dataset of trafficking incidents presented in a geographical format. Access to the TA Hub is restricted to NGOs, Law Enforcement Agencies, Academic Institutions, Financial Institutions, and Businesses. The aim of TAH is to collect and share data between participants in order to disrupt the trafficking "industry". NGOs, LEAs, and Academia use the data to enhance their services in the anti-trafficking sphere. FIs use the data to enhance their money-laundering compliance and Businesses use data to ensure that their supply chain is free from the exploitation of modern-day slaves.

**This report provides insight into the following:**

- 1) Does the above contention describe the problem accurately?
- 2) Is the use of the TA Hub likely to significantly increase the level of 'visibility' of trafficking and exploitation within society and is it likely to reduce the capacity of traffickers to:
  - *Recruit new victims*
  - *Access revenues in terms of cash*
  - *Launder the proceeds of trafficking via the international banking system*
  - *Maintain or increase demand for the products and services of those they hold in exploitation*
- 3) Is the overall use of TA Hub by the Hub Participants likely to increase the sense of risk felt by traffickers and result in a real risk to traffickers in terms of prosecution; increased discovery of money laundering; increased due diligence and KYC work in respect of supply chains?
- 4) TA Hub would like to quantify the impact on the trafficking economy by building connections with banks and businesses.
- 5) TA Hub would like to build a more scientific framework to capture evidence of change.

# UNDERSTANDING THE MARKET FOR HUMAN TRAFFICKING

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## 1. Is trafficking an economic activity?

*Sub-Questions:*

- How do we characterize the Hub as an entity and as a market?
- What kind of market forces are driving/undermining the hub?

In order to classify trafficking as an economic activity, we must be able to understand the economic models and factors that affect trafficking as a whole.

To understand the motives of traffickers and vulnerable persons, it is essential to note that trafficking functions as a market system. Many external sources, such as Amherst College and the International Association of Penal Law, use the rational-choice theory to explain the individual decisions that contribute to trafficking. In a typical market system, economic agents make decisions through rational choice. In the world of trafficking and any other economic market, rational choice almost always leans towards the enormous profits that are gained. In the way that typical markets often possess a clear supply and demand, the market for a human capital crime is incredibly similar: the goods in this market are vulnerable human beings, the demand is for cheap labor and prostitution by employers, and the supply comes from traffickers seeking to gain profit (Wheaton, Schauer, Galli). Each aspect of this market system, the suppliers, consumers, and commodities, is facilitated by one central market mover: money.

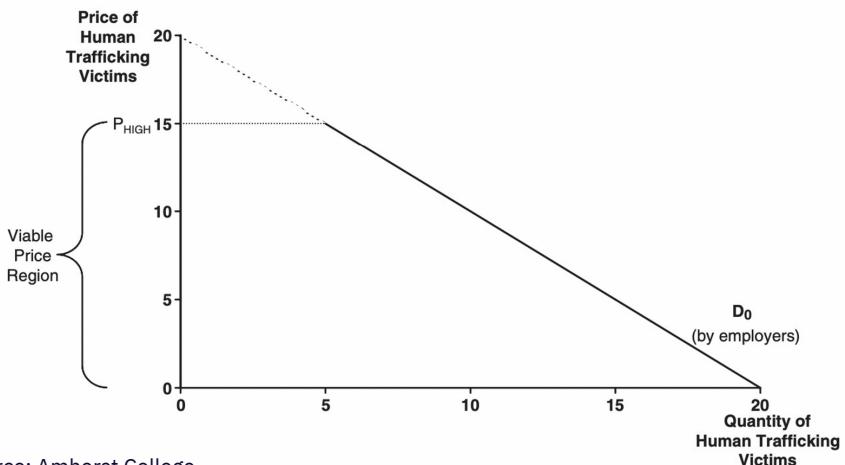
Though, it is important to note the assumption that trafficked victims possess a limited amount of agency, or freedom to make choices when being trafficked. When identifying the key players, it is evident that the market for human trafficking is created by the supply and demand for exploitable labor. This is incredibly similar to the typical labor market structure, but this market is underground and difficult to measure given the obvious legal implications.

Therefore, the key to a successful trafficking market system is the role of the intermediaries who connect employers with vulnerable individuals. The actions of such intermediaries, identified as traffickers, are perhaps the most crucial when understanding the costs, money market flow, and entry/exit of suppliers in the market. For example, money market flow is disrupted by the traffickers, because the labored individuals almost never receive the full pay (Wheaton, Schauer, Galli). The relationship between cost and revenue is the most significant amongst these because it allows us to then search for solutions.

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# UNDERSTANDING THE COST VS. REVENUE RELATIONSHIP OF TRAFFICKING

FIGURE 1  
DEMAND FOR HUMAN TRAFFICKING



Source: Amherst College

Here is a standard demand chart graphing the price of human trafficking victims to the quantity of human trafficking victims. As seen with a typical market demand chart, there is a specific price and quantity range in which the revenue of trafficking exceeds the costs, therefore incentivizing traffickers to continue. “At very low prices, human traffickers will be unwilling and unable to supply trafficked individuals because costs exceed revenue,” (Wheaton, Schauer, Galli). In other words, if the trafficker’s costs remain unchanged, an increase in the price received will lead to increased revenue and thus a continued increase in the number of trafficked individuals supplied.

To understand the mechanisms of the market for human trafficking in greater depth, we must answer the question: what kind of market is it? We’ve identified that trafficking is an economic activity, but can we go further to classify such an economy?

According to the Economics of Trafficking paper, trafficking can be classified as a monopolistically competitive industry. With differentiated products and a large number of suppliers, it is evident that this market cannot be a monopoly or oligopoly. Additionally, there is relatively easy entry/exit, which fits under the qualities of a monopolistically competitive market. Therefore, the price that the trafficker receives for victims can be determined by the availability of the commodity, any unique

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characteristics, the number of victims available for supply, and the trafficker's ability to negotiate with the consumers and victims (Wheaton, Schauer, Galli).

Now that we have identified trafficking as a monopolistically competitive market, we can take a closer look at its short-run Total Fixed Cost and Total Variable Cost curves. In this particular market, fixed costs can generally be identified as the cost of establishing routes, forged travel documents, and recurring bribes. However, they can also be identified as any maintenance costs post-arrival, such as food, travel, security, and many other variables along the route to the destination. These costs are typically paid by victims themselves, which accumulate a debt upon arrival. Similarly, variable costs can generally be identified as any costs that may be unique to the situation—for example, this may come in the form of additional travel arrangements, or any unique transportation costs. In identifying the variables of the total cost, we can determine methods to increase these costs, so much so that it may just outweigh the revenue gained in such transactions. However, there has not been much research regarding cost estimates related to trafficking, and those that do exist are quite dated.

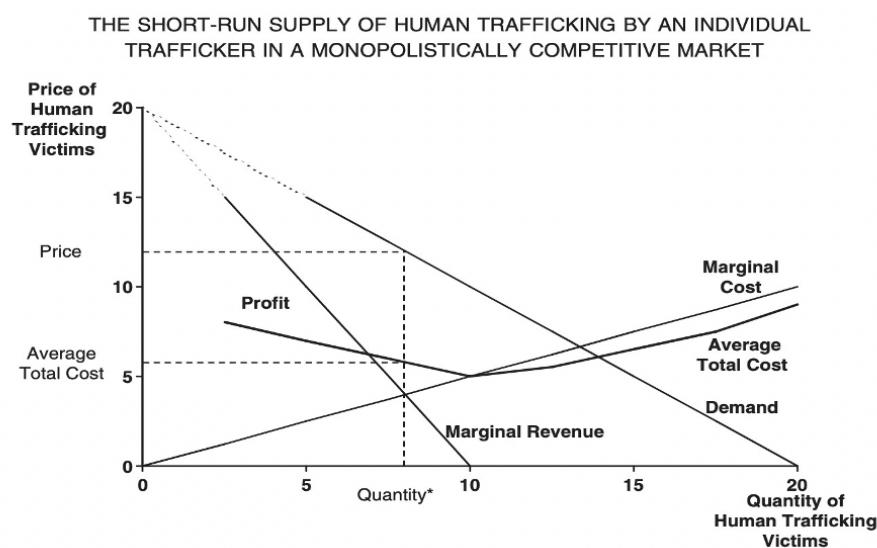
The concept of debt bondage or peonage is a significant issue regarding trafficking. As the most common form of human slavery, it almost exclusively targets migrant workers in search of economic opportunities by using the threat of maintaining legal status in the destination country. Regions with high poverty rates such as South Asia are highly vulnerable to debt bondage due to the lack of education, justice, and financial stability.

Through previous studies, we know that trafficking revenue typically generates an annual average of \$32 billion in the United States alone, and about \$150 billion worldwide annually (Belser, 2005: 18). However, having the ability to estimate the average cost per trafficked individual would be extremely beneficial when working with financial institutions. Unfortunately, the problem with gathering the data to calculate this estimation is similar to most other metrics when it comes to the economics of crime: there simply isn't a reliable means of collecting such data.

Identifying the determinants of supply in this monopolistically competitive market allows us to understand what will urge traffickers to leave the industry. Essentially a trafficker will choose the quantity of individuals to traffic based upon maximizing profit. This occurs at the point where marginal revenue equals marginal cost. At any quantity above this point, the cost of supplying the individual is greater than the revenue received from the sale of the individual, thus driving down profit. The profit is shown as the area below the demand curve between price and average

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total cost. Faced with an average total cost greater than price, suppliers will exit the market. This can be visualized through the short-run supply curve provided below.



Source: Amherst College

However, it is important to note that decreasing profits not the only means of making trafficking less attractive to recruiters. Logistical variables such as housing, capacity, and management can be factors that law enforcement, NGOs, etc. can focus resources towards as well, making it more difficult to recruit vulnerable individuals.

# **UNDERSTANDING THE RISK/ ELASTICITY OF DEMAND FOR TRAFFICKED LABOUR**

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The most important determinant of the elasticity of demand is the availability of substitutes. Taking this into account, finding an alternative, legal, and controlled substitute to trafficked labour would be an ideal solution.

However, a more attainable solution that Bales' Understanding the Demand behind Human Trafficking introduces is to increase the risk/cost of supplying labour, which can be accomplished through means of law enforcement and prosecution.

Though, Angela Henderson at the Avery Center argues otherwise. While increasing risk through legal means may be a solution, Henderson stresses the priority to increase financial risk because of the mental taxation that testifying places on survivors. To clarify, financial institutions can increase the risk of trafficking if they do not allow traffickers to use their platforms. That being said, at some point, the legal system must hold financial institutions accountable to do a better job at investigating money laundering.

Can we increase the risk of trafficking without victim testimony? The answer is unclear. If we are able to gather so much data through TraffikAnalysis Hub such that the movement of individuals and money is nearly transparent, the legal and financial risk will be far greater than the potential revenue.

It is important to note that in monopolistically competitive markets, long-run demand is highly elastic. Therefore, if we find a way to increase the cost of trafficking vulnerable persons, this market will react drastically.

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# THE IMPACT OF TRAFFIK ANALYSIS HUB

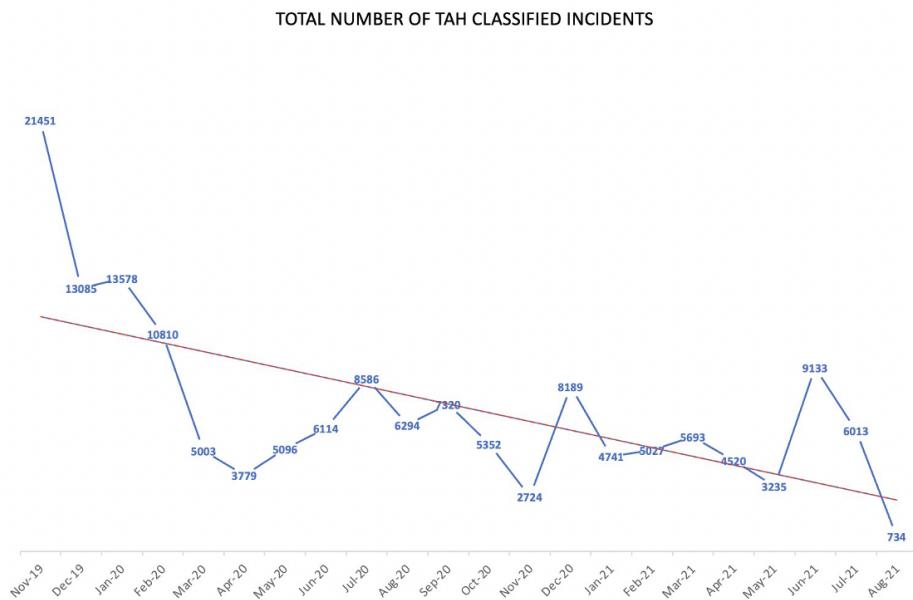
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- Has there been a change in the NGO community seeking to defeat human capital crime?
- What do users do with TraffikAnalysis Hub data?
- Does TraffikAnalysis Hub increase visibility?

## Approach #1: Quantitative

In order to answer this question of whether or not TraffikAnalysis Hub has created a positive impact within the efforts to disrupt trafficking, there were two methods of approach that were considered.

The initial method of approach was to utilize the data within the Hub to track the total number of cases beginning in November 2019, the launch of Traffik Analysis Hub to the present day. The data points were separated into monthly totals of “TAH Classified Incident” reports up until August 2021. Below provides a visual of the number of total cases plotted across time. The addition of the trendline clearly demonstrates a general decline from November 2019 to August 2019, with a few outliers such as July 2020, December 2020, and June 2021.



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However, there are many confounding variables that interfere with the accuracy of this timeline. Firstly, the data registered in the Hub requires the input of human beings either through NGOs or manually/machine-inputted information found in news media stories. Therefore, while the Hub contains more trafficking data than any other unified sharing platform, it is certainly not all of it. It also means that the data may show a decrease in the number of cases over time, either because there is an actual decrease in trafficking or the increase in available data inputted by users in certain months and years— we cannot be certain which of the two is responsible for this decrease. Additionally, the number of cases registered in the Hub is concentrated primarily in English-speaking countries, which affects not only the number of cases being reported but also the geographical focal points in the Hub. This can be attributed, again, to the “human” component of the data input process.

### **Approach #1: Qualitative (Case-Study)**

The second approach to answer the question of whether or not the establishment of the Traffik AnalysisHub has created an impact on trafficking is to conduct a series of case study interviews with users and partners of the Hub.

#### **The Knoble:**

The Knoble is a network of experts working to prevent financial crime that harms vulnerable people. While Traffik AnalysisHub’s goal is to leverage data, The Knoble aims to leverage expertise, specifically in the finance sector.

Glenn Carson from The Knoble highlighted that the Hub is the central data repository for providing clues because it informs NGOs like The Knoble about where resources should be allocated. He mentions that The Knoble could potentially use the Hub as a data lake further down the road as well. To Glenn, there has been a shift in the concept of data-sharing since the introduction of the Hub because it provides a consolidated approach that allows for increased awareness and transparency. With financial institutions, in particular, companies are doing a lot to identify suspicious customers.

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### **Stop The Traffik:**

Stop The Traffik and IBM created the first international data hub, Traffik Analysis Hub, to share information across industries and sectors. To Rebekah “Beka” Lisgarten from Stop The Traffik, the Hub answers the question: How can we stop trafficking if we can’t see it? For example, for financial institutions in particular, profits were being moved into systems, and there was no means of viewing the movement of such revenue before the launch of the Hub.

One of the most alarming concerns with trafficking is that some victims are willing to join in some communities due to the lack of alternative options. Therefore, it is more efficient to eliminate the number of individuals recruited rather than those who are trafficking others, who rarely get prosecuted even if identified. Now, traffickers now find it more difficult to recruit vulnerable individuals because of the process that Beka described: once users look at the Hub data to understand geographical, personal, financial, and strategic aspects to the trafficking process, it is then easier to identify the communities that need more awareness and increased publicization about the dangers of trafficking. Then, these communities can be connected to support within their respective countries.

Similar to The Knoble, another result is seen from Stop The Traffik is the change in the ability to share and access data between organizations and institutions. Prior to the launch, Beka describes data input as a tremendously unorganized process; even if data was shared, there was never a means to hear back about it. With this transition inaccessibility comes the changing role of NGOs, who now have a “prominent seat at the table”, according to Beka. There was no platform where users could access and interact with data to the same extent as financial institutions, law enforcement, and those who enter such data. The willingness to share comes from a lack of competition seen with the Hub— other non-profit organizations see no potential harm that can come from registering this data, which encourages visibility and transparency.

However, she also identifies a significant concern that may not be often talked about when discussing trafficking and financial institutions. Legitimate businesses and financial institutions are also making money by facilitating transactions related to trafficking. In order to earn a commission, it doesn’t necessarily matter where your money comes from, illegal or legal, which raises concerns of corruption and individual circumstances within financial institutions and law enforcement.

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One solution Beka points out to this issue would be if the Hub contained all the data related to the movement of transactions. Though this is nearly impossible, there would be no need to gain the willingness of financial institutions because it would be entirely transparent.

So, has there been “success” with the Hub? In a general sense, trafficking has probably been increasing, according to Beka. Once a trafficker is caught, it is harder to prosecute and lesser charges such as human abuse are more likely to be put in place, therefore making trafficking more appealing as opposed to drug trafficking. However, the Hub allows users to look at specific individuals or cases that organizations work with or clusters around the world. If success can be measured by user behavior, there is certainly success. With the Hub, users are able to investigate further, so much so that Beka states that she would have handled particular cases differently if she had access to the Hub data prior to 2019.

One specific example of how the Hub has changed this community centers around Power of 10. Power of 10 is a series of meetings hosted by Traffik Analysis Hub that consists of ten NGOs sharing ten survivor stories, each with ten pieces of data. Power of 10 conversations destigmatizes data-sharing by providing one of the only anonymized safe spaces to share victim experiences.

For financial institutions, success can be defined as a system that can not ever be exploited by a human trafficker. A financial institution that participates in the hub platform clarifies that this is not realistic, so the next best measure to ensure that those who have gotten around through their walls are identified and reported. To be clear, this financial institution only utilizes the Hub on average twice a year to compare with their own data.

### **Justice and Care**

Cristina Huddleston from Justice and Care, a non-profit organization founded in India and Bangladesh that aims to rebuild lives and disband criminal networks. Cristina highlights perhaps the most unique aspect of the trafficking economy: when used as a commodity, the human body can be continuously resold and reused. This is quite different from the standard market commodity, more specifically, drugs. So, the trafficking market generates significant revenue that flows from one singular commodity very clearly and continuously. However, this also means that the detrimental and tragic effects left behind on the actual human being is far more severe as opposed to larger-scale communities being affected by drugs.

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Another concern presented came from the idea of misleading vulnerable individuals. Cristina described the general process of how one individual is able to make money from being trafficked and then re-entering this money into the community through legitimate means. This creates a “smokescreen” as to what is deemed good and bad because the evident changes in lifestyle once being trafficked create a demand within the community. The Hub allows users such as NGOs and law enforcement to better understand such trafficking tactics, tackle these business models, and focus resources accordingly. Though there are multiple international collections of trafficking data, Cristina emphasizes the Hub’s ability to see what is currently going on in real-time, and what is potentially coming through. The numbers that come from the Hub’s data could be a potential incoming trend or an insignificant trend and having access to this data so quickly allows NGOs like Justice and Care to re-think investment strategies based on this.

The primary strengths of Traffik AnalysisHub are that it allows users to visualize the demand, question the registered data, add to further research, and debunk any myths using evidentiary findings. Essentially, there was a gap in the trafficking NGO community between other organizations and companies that have now been closed by the Hub.

# THE DATA-SHARING STIGMA WITH FINANCIAL INSTITUTIONS

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The issue with transparency is one of the most evident problems when it comes to the involvement of financial institutions and trafficking prevention efforts. Though financial companies and banks are making efforts to identify suspicious customers and implement KYC (Know Your Customer) rules, there is still a harmful stigma that exists: financial institutions don't want to admit that there may be illegal activity occurring within their customers base. This stigma exists generally because banks can be "on-the-hook", as Glenn Carsonat The Knoble says, if they facilitate transactions that they should have known were problematic or illegal.

Suspicious Activity Reports (SARs) are a primary example of how transparency can be compromised. According to The Knoble, NGOs and law enforcement can look at the SARs filed by banks to observe the suspicious transactions going through. However, it is not necessarily beneficial for a bank to admit that they are filing these reports, because of what that reflects back onto their customer base. Therefore, it is impossible to know if a SAR was filed unless the banks communicate this because they might not want to disclose that information. Alternatively, there are plea deals that can be regulated by law. However, even if it is prosecuted, you cannot know what the result was either.

This ties into previous discussions regarding Traffik Analysis Hub's success to prevent trafficking. Essentially, there is a cyclical obstacle with these efforts: we can not know the measure of success or if these efforts are creating an impact due to this lack of transparency. There is a seemingly unwavering sense of hesitancy and privacy seen in companies, specifically banks, who tend to view their use of the Hub and the assistance of NGOs as a sign of weakness within their customer base. Additionally, when you start looking, you find issues. When you find issues, you need to invest, which requires a significant amount of money.

One solution that The Knoble proposes to combat this issue is to market the use of Traffik Analysis Hub as a preventative measure, as a tool for banks to use to ensure this suspicious activity is minimized within their accounts.

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A second solution was proposed by Cristina Hiddleston from Justice and Care. She emphasizes the reputational and financial loss that would incentivize banks to engage. However, reputation loss often falls on the responsibility of customers as users of their products to raise these issues with these businesses and urge them to take action.

Therefore, one solution would be through corporate Social Responsibility or CSR to engage businesses through the legal system. If legislation was implemented that required businesses to look through and make it an obligation to report suspicious activity, then this would eliminate the issue of transparency. Angela Henderson at The Avery Center communicated support of this solution. However, this would require time and resources, which there is very little of, especially with financial institutions.

A third and final solution was proposed by Beka from Stop The Traffik. Within the banking industry, the leaders hold tremendous influence. Therefore, if Traffik Analysis Hub is able to gain the support in the usage of the Hub from at least one powerful player, then it is likely that many smaller banks will follow. However, Angie from The Avery Center warns that if one bank were to stop facilitating illegal transactions, regardless of size, another bank would likely take its place.

# OBSTACLES OF TRAFFIK ANALYSIS HUB

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As the first international data collection for trafficking, users of TraffikAnalysis Hub have identified areas of improvement that can better maximize resources and data. First and foremost, the Hub is people-driven. This is essentially the most unique aspect about the Hub because it allows users to invest trust, knowing that the Hub will respond to the data that it receives. However, this also presents a barrier to maximizing efficiency. Cristina, from Justice and Care, states that human beings are fluid by nature, and it does take a whole team to keep partners engaged and constantly analyze the data collected. Thus, while the Hub certainly delivers the answers that users are after, it may not be at the pace and accuracy that some may want. This “human” component could potentially threaten the success and credibility of the Hub, putting it in a fragile position to maintain the momentum that it requires.

Secondly, The Avery Center does not regularly use the Hub as a resource for one main reason: the use of the Hub is quite intricate. In order to fully take advantage of its resources and data, users must know how to filter and sort through data points, use heat maps, etc. It is important to mention that all Hub features are taught through Traffik Analysis Hub’s demo sessions given to each new user. However, with The Avery Center, in particular, interns would require training to use the Hub that would take up the majority of their time. Therefore, user-friendliness presents a restriction for their use specifically.

Another recommendation revolves around Traffik Analysis Hub’s marketing tactics. As mentioned previously by The Knoble, users of the Hub mentioned that if TraffikAnalysis Hub is advertised as a measure for financial institutions to prevent suspicious activity, then this may reduce the stigma surrounding data-sharing.

Finally, there remains a fundamental issue that the Avery Center acknowledged. In order to create a lasting impact in the effort to disrupt human trafficking, we must address the macro issues at hand: racism, xenophobia, and most importantly, misogyny.

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# KEY TAKEAWAYS

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In order to increase the cost of trafficking through traffickers, employers, and vulnerable individuals, one must analyze the financial and legal implications. Trafficking prosecutions rarely yield harsh consequences, therefore one of the most effective means of increasing cost is through reducing financial incentives or in other words, eliminating profit. As long as there is still a significant amount of revenue earned for trafficking, there will always be a demand in this market.

This report has examined the obstacles and benefits of each potential strategy to increase cost through means of financial transactions, increased awareness, harsher consequences, etc.

There are still many areas of improvement for the Hub. Users of the Hub emphasized the need for a simpler user interface, or an emphasis on the use of the Hub as a preventative measure.

Without question, Traffik Analysis Hub has made it more difficult for traffickers to recruit vulnerable victims. The Hub has not only changed the way we share data but the way we feel about sharing data. It allows users to access and analyze the same information that has previously only been available to law enforcement and financial institutions, allowing NGOs to allocate resources with greater efficiency than ever before.

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