Down to Zero
Fighting sexual exploitation of children

Addressing the Financial Dimensions of Child Sexual Exploitation

Case study: Peru

ECPAT International would like to thank all the persons involved in this case study.

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GLOSSARY

- **Sexual exploitation of children** is defined by the Terminology Guidelines for the Protection of Children from Sexual Exploitation and Sexual Abuse as "[a] child is a victim of sexual exploitation when they involved in a sexual activity in exchange for something (e.g. money or other gains like food, housing, clothing, protection or even the promise of such) received by a third party and/or the perpetrator".[1] It is important to note that the definition of sexual exploitation of children overlaps with that of sexual abuse of children. However, it is distinguished by the presence of an additional element of exchange (money, material goods or access to protection or shelter).

- **Technology-facilitated child sexual exploitation and abuse** according to the Terminology Guidelines for the Protection of Children from Sexual Exploitation and Sexual Abuse, "technology is an increasingly pervasive element in sexual offending against children and it is becoming rare that no technology at all is used at some stage of the preparation, commission, or further dissemination (in the case of child sexual abuse material) of the sexual exploitation or sexual abuse of a child. Although not always used to facilitate or commit a sexual crime, the overarching role of technology in facilitation means that it can cover crimes committed in both digital and non-digital environments. Firstly, a sexual offence committed in the digital environment is, by definition, facilitated by technology. Secondly, a broad variety of sexual offences committed in-person are made possible with the help of technology, for instance, to connect perpetrators of sexual offences, exchange information, and coordinate actions."[2]

- **Financial typology.** A description of financial patterns, behaviours, or indicators associated with illicit activities, used to support the detection, prevention, and investigation of crimes. In the context of the sexual exploitation of children, financial typologies help identify warning signs in transactions or financial activities that may be linked to these offences.

1. Interagency Working Group on Sexual Exploitation of Children. (2025). Terminology Guidelines for the Protection of Children from Sexual Exploitation and Sexual Abuse. Thailand: ECPAT International.
2. Ibid.

Executive summary

Financial transactions increasingly underpin the sexual exploitation of children, including technology-facilitated forms of exploitation. Payments for sexual services, livestreaming, online content, recruitment activities and related criminal operations can leave financial traces. These traces can help detect, investigate and disrupt these crimes. This case study is part of ECPAT International's Finance Against Child Exploitation: A Global Initiative to Mobilise Financial Responses to Child Sexual Exploitation (FACE IT). It examines how Peru has sought to strengthen the role of the financial sector in preventing and detecting the sexual exploitation of children.

The study is based on qualitative interviews conducted between December 2025 and January 2026 with representatives from Peru's Financial Intelligence Unit (UIF-Peru), financial institutions, UNODC and civil society organisations, complemented by a review of relevant project documentation. It explores three complementary initiatives: Project QAWAQ, led by CHS Alternativo in partnership with ECPAT International and Scotiabank; the Public-Private Information Exchange Mechanism (MEPIF), led by the Peruvian government; and a UNODC-led initiative to refine financial typologies related to child sexual exploitation.

Across all three initiatives, a common challenge emerged: financial flows linked to child sexual exploitation often remain invisible within traditional anti-money laundering systems. Transactions are frequently low-value, fragmented, cash-based, or conducted through digital wallets and third-party accounts, making them difficult to detect through conventional monitoring thresholds. As a result, despite the scale of the crime, very few suspicious transaction reports or money laundering investigations have historically been linked to child sexual exploitation and trafficking offences.

The initiatives demonstrate different but complementary approaches to addressing this challenge. Project QAWAQ focused on raising awareness within the banking sector and developing context-specific financial typologies based on real criminal cases. MEPIF created a formal and legally grounded framework for information sharing and collaboration between public authorities and financial institutions, enabling joint analysis of emerging risks and strengthening mutual understanding between sectors. UNODC's work further refined financial typologies through practical, case-based collaboration involving prosecutors, law enforcement agencies and financial institutions.

Several key lessons emerged. First, contextualised financial typologies are essential, as generic anti-money laundering indicators often fail to capture the realities of child sexual exploitation. Second, effective detection requires sustained collaboration between financial institutions, law enforcement agencies, prosecutors, civil society organisations and subject-matter experts. Third, awareness-raising and training are as important as technical tools; participants consistently highlighted that understanding the human impact of exploitation strengthened institutional commitment and improved reporting practices. Finally, formalised mechanisms such as MEPIF can help institutionalise collaboration, reduce reliance on individual champions and create more sustainable systems for financial intelligence sharing.

Peru's experience highlights the potential of combining financial intelligence, multi-stakeholder collaboration and specialised expertise to strengthen child protection responses. While these initiatives remain at different stages of development, they offer valuable lessons for other countries seeking to integrate financial detection and disruption into broader efforts to prevent and respond to the sexual exploitation of children.

INTRODUCTION

This case study forms part of a broader series developed by ECPAT International under the Finance Against Child Exploitation: A Global Initiative to Mobilise Financial Responses to Child Sexual Exploitation- FACE IT. This initiative seeks to advance learning on how financial systems can be mobilised to detect and disrupt technology-facilitated child sexual exploitation. As financial transactions increasingly underpin exploitative practices—from small-value payments and livestream tipping to crypto-based transactions—understanding how financial institutions can act as critical actors in prevention and disruption has become essential. Financial exchange is not incidental to these crimes; it is structural, and it leaves traces that can be leveraged for detection, investigation, and accountability.

The case study series contributes to a growing evidence base on how financial-sector engagement is evolving across different national contexts. While promising practices are emerging, efforts remain fragmented, context-specific, and often insufficiently documented. By examining country experiences globally, the series aims to identify the institutional configurations, collaboration models, and enabling conditions that allow financial intelligence to be effectively integrated into child protection responses. This aligns with ECPAT's strategic objective to move beyond reactive approaches and embed financial detection and disruption as a core pillar of child protection systems.

This case study was conducted in Peru to better understand current initiatives aimed at engaging the financial sector in the prevention and detection of the sexual exploitation of children. The analysis is based on qualitative, semi-structured interviews with eight key informants conducted between December 2025 and January 2026.

Interviews were held with representatives from the Financial Intelligence Unit of Peru (3), banking institutions (2), the United Nations Office on Drugs and Crime (1), and CHS Alternativo (1), an ECPAT member organisation in Peru. Where available, project-related documents were also reviewed.

The case study examines three complementary approaches to engaging financial institutions in the prevention and disruption of sexual exploitation of children. These include

- Project QAWAQ, led by CHS Alternativo, a civil society organisation, and Scotiabank, which focuses on strengthening financial detection mechanisms within the banking sector;
- The Public-Private Information Exchange Mechanism (MEPIF), led by the Superintendence of Banking, Insurance and Private Pension Funds (SBS), through the Financial Intelligence Unit of Peru (UIF-Peru). This initiative aims to facilitate the secure, effective and collaborative exchange of information among its members to prevent and detect extortion and related crimes, including money laundering, its predicate offences, the financing of terrorism, and the proliferation of weapons of mass destruction.
- An initiative led by UNODC, a United Nations agency, which focuses on refining financial typologies linked to sexual exploitation of children.

For each approach, the report outlines the background, key processes, and the development and operationalisation of typologies for financial transactions linked to sexual exploitation, along with emerging results and lessons learned. The report concludes with a brief synthesis of cross-cutting themes and lessons learned across the three initiatives.

STRENGTHENING FINANCIAL DETECTION MECHANISMS WITHIN THE BANKING SECTOR: PROJECT QAWAQ[3]

Project QAWAQ, developed from 2022 to 2023, was a public-private partnership co-led by Scotiabank Canada, Scotiabank Peru and CHS Alternativo, with support from ECPAT International, the Financial Intelligence Unit of Peru, and relevant law enforcement authorities. The project focused on addressing the sexual exploitation of children, with particular emphasis on technology-facilitated sexual exploitation of children and the laundering of proceeds generated by this crime. Building on international experiences such as Canada's Project Shadow, the QAWAQ sought to adapt and operationalise these approaches within the Peruvian financial and institutional context.

Background

Project QAWAQ was established in a national context characterised by the expansion of complex criminal economies in Peru, including illegal mining, extortion, corruption, and money laundering. According to one interviewee, within these interconnected crime systems, trafficking in persons and the sexual exploitation of children operate as embedded and financially driven crimes rather than isolated offences. However, the financial dimensions of sexual exploitation, including that of children, often remain poorly understood and insufficiently detected by the financial sector, as the associated transactions tend to be low-value, fragmented, and cash-based, placing them below conventional reporting thresholds and limiting their visibility within anti–money laundering frameworks.

At the same time, a CHS Alternativo representative shared that growing concern among public authorities and financial institutions regarding organised crime and illicit financial flows, particularly in the post-pandemic period, created a window of opportunity for more targeted collaboration. CHS Alternativo's longstanding work on criminal

3. Information on this initiative was drawn mainly from input provided by a representative of CHS Alternativo and a review of relevant documentation. Representatives from a bank involved in the project also contributed feedback.

economies and its use of judicial convictions as an entry point for reconstructing financial flows has highlighted critical gaps in existing detection models. Project QAWAQ emerged in response to this context, seeking to bridge financial intelligence, judicial information, and contextual knowledge of exploitation dynamics, and to promote a more systemic, coordinated, and context-sensitive approach to disrupting the financial drivers of the sexual exploitation of children in Peru.

Key milestones and activities in the project

To support the implementation of the QAWAQ pilot project, CHS Alternativo, ECPAT International, and Scotiabank Peru and Canada coordinated a series of actions throughout 2022 and 2024 to lay the groundwork for sustained collaboration between civil society, the financial sector, and public authorities. These efforts included inter-institutional meetings, advocacy spaces, and targeted discussions to present the project, clarify institutional roles, and foster collaboration, as well as communications and awareness-raising initiatives. Key activities included[4]:

Strategic engagement and advocacy.

Throughout the project, CHS Alternativo, in collaboration with ECPAT International organised a series of meetings, roundtables, and discussion spaces to share the initiative's objectives and progress and promote engagement among key actors in the financial sector.

In early 2022, strategic meetings between ECPAT International and CHS Alternativo defined the initiative's scope and identified key counterparts at Scotiabank Canada and Peru. Preparatory work focused on engaging financial institutions, raising awareness of the links between sexual exploitation of children and financial flows, and planning an in-country visit to Peru by representatives of Scotiabank Canada and ECPAT International.

In September 2022, a partner's visit to Lima, Peru, brought together representatives from the financial sector, public authorities, and civil society. Activities included bilateral meetings with Peru's Financial Intelligence Unit and the Ombudsman's Office; an experience-sharing session between Financial Transactions and Reports Analysis Centre of Canada and the Financial Intelligence Unit; and a project-launch workshop with banks and the Peruvian Bankers' Association.

4. These activities were described in CHS reports, and email exchanges among institutions involved

These meetings aimed to align expectations, present the project's objectives, and initiate dialogue on the role of financial institutions in identifying and reporting suspicious transactions linked to sexual exploitation.

At the international level, in October 2023, the roundtable "Engaging the Financial Sector in Addressing Sexual Exploitation of Children" took place in New York, United States of America. Convened by ECPAT International and PACT USA, in collaboration with the Office of the UN Special Representative of the Secretary-General on Violence against Children, the event brought together financial institutions, international organisations, and civil society to discuss the role of the financial sector in tackling the sexual exploitation of children. CHS Alternativo and the Director of the UIF-Peru participated as speakers, sharing insights from the Peruvian context and highlighting the importance of collaboration to improve the detection of financial flows linked to these crimes.

Communication and awareness-raising strategies

As part of efforts to engage the financial sector, a communication campaign was designed to highlight the need for stronger financial-sector involvement in disrupting the sexual exploitation of children. This included interviews with representatives from CHS Alternativo and ECPAT International in national media outlets, as well as articles published in the national press. In addition, internal awareness-raising initiatives were developed with Scotiabank, including the #HablemosEnSerio campaign.

This campaign was implemented internally within Scotiabank with two main objectives: (1) to improve understanding and awareness among banking staff of child sexual exploitation as a financial crime, and (2) to strengthen and increase the reporting of suspicious and unusual transactions linked to sexual exploitation in order to support detection and reporting.

Development and operationalisation of typologies of financial transactions

From late 2022 onward, CHS Alternativo provided technical input to support the development of typologies of financial transactions related to the sexual exploitation of children. The next subsection describes the process in detail.

Process for developing and operationalising financial transaction typologies

The development of typologies was conducted through a phased, evidence-informed process. It comprised three interrelated stages:

Phase 1: Identification of transactional profiles and patterns[5]

To inform the identification of transactional profiles, CHS Alternativo led a preliminary diagnostic of the economic flows associated with trafficking in persons for the purpose of sexual exploitation of children in Peru. This analysis examined how illicit proceeds are generated, managed, and laundered, drawing on judicial sentences, interviews with specialised prosecutors, police officers, and financial intelligence officials, as well as national and international anti-money laundering guidance. The findings highlighted that sexual exploitation of children operates as part of broader criminal economies rather than as an isolated offence, underscoring the need for systemic detection approaches.

The analysis showed that financial flows linked to sexual exploitation of adults and children are typically low-value, fragmented, and predominantly cash-based, placing them below conventional banking detection thresholds. During the recruitment and transportation phases, traffickers assume initial costs—such as transport, accommodation, and basic necessities—which are later converted into debts imposed on victims. These debts are rapidly recovered during the exploitation phase, primarily through cash payments, weekly "fees" for the use of territory or premises, fines for alleged rule violations, and systematic extortion.

5. CHS alternativo (2023). Informe de consultoría. Flujos económicos de la trata de personas con fines de explotación sexual: un breve diagnóstico preliminar

The analysis highlighted that sexual exploitation of children occurs across multiple settings, including public spaces, hotels with high turnover, private apartments, brothels, and establishments operating as legal façades such as bars, nightclubs, and saunas. Increasingly, technology plays a central role, both in advertising sexual services and in facilitating extortion, subscription-based schemes, and the commercialisation of sexual content. While cash remains prevalent, the analysis identified a growing use of digital banking applications, mobile phones registered in third parties' names, and accounts held by relatives or intermediaries, particularly in cases linked to technology-facilitated sexual exploitation.

The diagnostic also documented how profits derived from sexual exploitation (of children and adults) are laundered through investments in real estate, vehicles, and front businesses, as well as through national and international remittances, including cross-border transfers linked to transnational criminal organisations. Despite evidence of significant illicit proceeds, the number of suspicious transaction reports and convictions for money laundering related to trafficking and sexual exploitation remains extremely limited, revealing persistent structural gaps in detection and enforcement.

Phase 2: Development of the operational alert typologies

To support the development of operational red-flag typologies, CHS Alternativo collected and shared verified information from criminal convictions related to sexual exploitation offences, issued by the Specialised Anti-Trafficking Prosecutor's Office in Lima and by Superior Courts of Justice from various regions of the country, particularly Madre de Dios.[6] This information included details of cases and the names of convicted individuals and was shared with Scotiabank Peru to enable internal checks against the bank's databases. This exercise contributed to identifying potential links between financial activity and individuals involved in serious crimes related to sexual exploitation, providing a concrete evidentiary basis for the refinement of the typologies.

Phase 3: Validation and socialisation

The final phase focused on coordinating with financial institutions and Peru's Financial Intelligence Unit to validate and disseminate the proposed typologies and operational alerts. This stage aimed to ensure that the tools were contextually relevant, operationally feasible, and

6. A region in Peru with high levels of illegal mining

aligned with existing anti-money laundering frameworks, while also fostering a shared understanding among stakeholders of the financial dynamics underpinning the sexual exploitation of children.

Key lessons and results[7]

Contextualised indicators improve detection capacity.

Through the development of an operational guide and tailored typologies, the project enabled compliance teams to formulate more sophisticated hypotheses linking specific transaction patterns to trafficking and sexual exploitation, particularly affecting migrant women. Although many of the identified transactions involved relatively small amounts, they reflected the realities of the Peruvian context and proved relevant for identifying meaningful patterns that would otherwise remain invisible under standard thresholds.

Improved quality of suspicious transaction reporting.

Representatives of the bank involved in the project agreed that the bank could submit more high-quality suspicious transaction reports, some of which triggered follow-up information requests from the competent authorities. These responses were interpreted by interviewees as a positive signal of increased relevance and effectiveness in reporting practices.

Limitations of conventional thresholds and the value of alternative approaches.

The project confirmed that traditional financial monitoring thresholds are poorly suited to detecting sexual exploitation, as transactions linked to these crimes are typically low-value, fragmented, and often cash-based. The CHS team identified that payments related to sexual exploitation—whether to victims or intermediaries involved in the activities—are often made in cash, which limits the ability to trace financial flows. To address this challenge, the methodology proposed analysing the financial transactions of individuals convicted of human trafficking offences. By using judicial convictions as a starting point and working "backwards" to reconstruct financial flows, CHS was able to develop a practical methodological entry point for engaging banks and grounding detection efforts in real cases.

7. The results and lessons learned were drawn from an interview with a representative from CHS, as well as a review of relevant documentation, in particular the report prepared by ECPAT International in 2024., The Role of the Finance and Banking Sector in Combating the Sexual Exploitation of Children: Lessons Learned from Recent Experiences from ECPAT International and Its Partners

The importance of sustained sensitisation and human-centred approaches.

The project demonstrated that technical indicators alone are insufficient to secure sustained engagement from financial sector professionals. Meaningful progress depended on continuous sensitisation efforts that built empathy and understanding of the human impact of sexual exploitation, using narratives, real cases, and contextual evidence. This process marked a turning point in compliance teams' commitment to sustained engagement.

The need for institutionalisation beyond individual champions

Progress was highly dependent on individual champions within both financial institutions and public authorities. Changes in personnel disrupted continuity and exposed the fragility of advances that were not adequately institutionalised. Future initiatives would benefit from embedding knowledge, tools, and responsibilities more firmly within organisational structures, reducing reliance on specific individuals and strengthening long-term sustainability.

THE PUBLIC-PRIVATE INFORMATION EXCHANGE MECHANISM (MEPIF): A PUBLIC-PRIVATE PARTNERSHIP TO COMBAT ORGANISED CRIME[8]

The Public-Private Information Exchange Mechanism (MEPIF) has been operating in Peru since September 2024 to strengthen coordination between the public and private sectors in the face of growing threats from organised crime. It also aims to improve the quality and timeliness of information exchange between both sectors, through the implementation of collaborative models that have demonstrated results in countries with well-established anti-money laundering systems.[9] Peru is the first country in Latin America to have a public-private financial information-sharing mechanism to address money laundering, terrorist financing and the financing of illicit mining.[10] Interviewees from the Financial Intelligence Unit noted that, in recent years, the financial sector has generated a high volume of suspicious transaction reports through existing mechanisms, reflecting a significant level of technical capacity and maturity in banks' compliance.

Background

Prior to the establishment of MEPIF, Peru already had a national anti-money laundering and counter-terrorist financing system overseen by the Multisectoral Executive Commission against Money Laundering and Terrorist Financing.[11] This body aims to promote coordination and align initiatives among state institutions, as well as to propose policies and strategies to combat these criminal phenomena, including the financing of the proliferation of weapons of mass destruction.

8. Information on this initiative was mentioned in all interviews. However, representatives from the Financial Intelligence Unit and the banking sector provided more detailed information, as they were directly involved in the initiative.
9. Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones. (s.f.). Mecanismo público-privado de intercambio de información financiera (MEPIF).
10. Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones. (2024). SBS impulsa mecanismo público-privado para fortalecer la lucha contra el lavado de activos y delitos conexos.
11. Contralaft. (s.f.). Quiénes somos

In addition, under Peruvian regulations, reporting entities (certain public bodies and entities in both the financial and non-financial sectors) are required to implement policies and procedures for the timely detection and submission of suspicious transaction reports to the UIF-Peru. This is intended to prevent the products or services they provide from being used for purposes linked to money laundering, its predicate offences, and terrorist financing, while ensuring the indefinite confidentiality of information related to this system. Interviewees from UIF-Peru indicated that, in recent years, reporting entities in the financial sector have generated a high volume of suspicious transaction reports through the implementation of their anti-money laundering and counter-terrorist financing systems, reflecting a significant level of technical capacity and compliance maturity within banks.[12]

Despite these advances, interviewees highlighted opportunities to strengthen sustained and formalised dialogue between banks and other key public institutions within the system, such as the Public Prosecutor's Office and the National Police of Peru.

In addition, a gap in mutual understanding of risks was identified: financial sector actors had limited knowledge of the specific dynamics of these crimes, while system operators had only a partial understanding of financial products, compliance systems, and the internal detection processes used by reporting entities. This situation was further compounded by persistent challenges in providing the private sector with meaningful feedback on the usefulness, quality, or impact of suspicious transaction reports.

These gaps were further exacerbated by a national context marked by the growing presence of organised crime, alongside increasing political and social pressure to strengthen the State's response to insecurity, as highlighted by interviewees. Within this context, there was a growing recognition that purely penal or police-led approaches were insufficient, and that effective disruption of criminal networks required a stronger focus on tracing and analysing illicit financial flows.

12. The number of suspicious transaction reports received by the UIF-Peru Unit shows an overall upward trend between 2015 and 2025, despite some fluctuations in certain years. In 2025, UIF-Peru received 21,255 reports, reflecting sustained growth in reporting compared to previous years. Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones. (diciembre de 2025). Boletín de la Unidad de Inteligencia Financiera del Perú.

Legal Framework

A key feature of the Peruvian case is the strong legal and regulatory framework underpinning the MEPIF, which has prevented the mechanism from becoming an ad hoc initiative or one dependent on individual leadership or political will. From the outset, the constitution of the MEPIF was grounded in a clear normative basis, providing legitimacy, legal certainty, and long-term sustainability.

The mechanism was established on the basis of Legislative Decree No. 1611, adopted by the Executive Branch under powers delegated by Congress to legislate on organised crime. This decree explicitly recognises the possibility for public and private entities to establish information-sharing mechanisms, thereby creating the necessary legal framework for structured public–private cooperation. This general framework was subsequently operationalised through SBS Resolution No. 03330-2024, which sets out the specific guidelines governing the MEPIF, including its objectives, institutional structure, types of membership, working groups and rules of operation.

According to interviewees, this legal framework provides several critical safeguards. It provides legal certainty for participating institutions, enables the exchange of information within clearly defined and protected boundaries, and ensures the mechanism's continuity regardless of political or institutional changes. This level of formalisation was identified by interviewees as a key factor in securing sustained engagement from both public authorities and private sector actors.

The Superintendence of Banking, Insurance and Private Pension Fund Administrators, through UIF-Peru, was designated to serve as the Executive Secretariat of MEPIF. This role is grounded in its central position within the national anti-money laundering and counter-terrorist financing system, as well as in its established relationships with both public authorities and reporting entities across the financial and non-financial sectors. Its constitutional autonomy and technical leadership further strengthen its credibility as a neutral coordinator, capable of facilitating trust-based cooperation between sectors, as highlighted by representatives of the UIF-Peru.

Structure and operating logic

Interviewees explained that the MEPIF is conceived not as a conventional public-private partnership, commonly associated in Peru with private investment models for public infrastructure projects but rather as a technical coordination mechanism with a clearly defined governance architecture.

Its structure comprises several interrelated components:

- At the highest level, the **Plenary Assembly** brings together the mechanism's members, including public authorities and obliged entities.
- Strategic leadership is shared through a **public-private co-chairing** arrangement, designed to ensure balance, shared ownership, accountability and joint representation across sectors.
- Oversight is provided by an **Executive Committee,** comprising the MEPIF co-chairs, the Executive Secretariat and the co-leads of the three thematic working groups.
- The **Executive Secretariat**, hosted by the SBS through the UIF-Peru, is responsible for the administrative management of MEPIF.
- The mechanism is also supported by **three working groups**, which constitute its main operational spaces: (1) Projects, which promotes the exchange of strategic information, including statistics, typologies and red flags; (2) Membership and Compliance, which assesses the admission of new members and compliance with the code of conduct; and (3) Cases, which promotes the exchange of operational information.
- MEPIF currently comprises **five public institutions and four private-sector** entities as founding members. Its structure also allows for the admission of new members and the participation of invited institutions. This enables civil society organisations, international organisations and technical experts to contribute to specific projects without altering the mechanism's formal governance structure. This flexible arrangement allows MEPIF to broaden its technical reach while maintaining institutional clarity and stability.

Development and operationalisation of typologies of financial transactions

The first project implemented under the MEPIF focused on illicit financial flows linked to trafficking in persons and sexual exploitation of children as a predicate offence to money laundering, in response to a clear gap between the scale of the crime and its limited detection within the financial system. Interviewees from the UIF-Peru noted that between 2015 and 2024, only around 0.1 per cent of Suspicious Transaction Reports referred to trafficking in persons, and that very few final convictions for money laundering had identified trafficking-related offences as predicate crimes. This contrasted sharply with the high incidence of trafficking, the involvement of organised criminal networks and the visibility of victims in the country.

While extensive criminal and social information on sexual exploitation, including that of children, existed, the financial dimension of the crime remained largely unsystematised. The topic was therefore considered strategically relevant, not only because of its high human impact—which facilitated consensus among public and private actors—but also because it aligned with previous international experiences shared within the mechanism, such as initiatives developed by Scotiabank and FINTRAC in Canada. As the first initiative of the Projects Working Group, the project also served as a practical test of MEPIF's coordination capacity and its shared methodology for information gathering and collective validation.

According to interviewees from the UIF-Peru, the project was conceived from the outset as a collective, iterative, and applied exercise aimed not only at producing technical outputs but also at fostering institutional learning among participating actors. Rather than treating typology development as a purely technical task, the process deliberately prioritised collaboration, reflection and validation across sectors.

Overal methodological approach

The project adopted an approach grounded in the direct experience of actors involved in the detection, investigation and prevention of trafficking in persons and related forms of exploitation. Existing consolidated national data sources, such as police reports and prosecutorial statistics, were used as a reference point, alongside specialised international guidance and analytical frameworks (including materials from the Financial Action Task Force, the Middle East and North Africa Financial Action Task Force, and the United Nations Office on Drugs and Crime).

These sources were complemented through a participatory process that reconstructed financial patterns from real cases, expert knowledge and operational practice. This combination enabled the development of context-specific transaction typologies responsive to the realities of the Peruvian system, rather than relying exclusively on generic or externally derived models.

Inter-institutional participation and scope

The work was led by the MEPIF Projects Working Group, but its scope extended well beyond the mechanism's founding members. In total, 26 entities participated in the development of the typologies, including:

- 14 public institutions, such as the UIF-Peru, the Public Prosecutor's Office, the National Police and the National Superintendence of Customs and Tax Administration;
- 7 private sector entities, primarily banks and money transfer companies;
- 3 civil society organisations specialising in trafficking in persons and sexual exploitation;
- 2 international organisations, which contributed technical expertise and logistical support.

According to interviewees, this diverse composition enabled the integration of financial, legal, investigative, social and operational perspectives, which interviewees consistently identified as essential for addressing a crime as complex as trafficking in persons and sexual exploitation.

Stages of the typology development process

a. Information-gathering questionnaire

The first stage involved distributing a structured questionnaire to project participants. The questionnaire served multiple purposes: it mapped each participant's institutional role in relation to trafficking in persons; collected information on available data sources, existing records, and key limitations; and invited participants to describe specific cases in which they had been directly involved. Rather than seeking standardised responses, this phase aimed to capture operational insights and case-based knowledge, which later formed the basis for developing draft typologies.

b. In-person workshop and inter-institutional working groups

The second stage involved an in-person workshop that combined technical presentations by specialists in trafficking in persons, sexual exploitation of children, and money laundering with inter-institutional working sessions.[13] During these sessions, participants collaborated to develop draft case typologies based on questionnaire responses, using a predefined typology framework. This process allowed participants to

13. Interviewees noted that, during expert presentations organised as part of the establishment of MEPIF, CHS Alternativo presented the work carried out through the project. These insights later informed the development of the typologies produced within the MEPIF framework.

refine and validate cases through collective discussion, identify transaction patterns and associated red flags, and engage in dialogue with actors with whom they rarely interact in routine operations. Through this iterative exercise, an initial set of seven to eight typologies and a broad range of potential alert indicators were identified, which were later refined and consolidated.

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c. Specialised technical meetings

In a third stage, the project team convened smaller technical meetings with prosecutors, police officers and representatives from the financial sector. These meetings focused on aligning typologies with the legal classification of trafficking and sexual exploitation of children-related offences in the Peruvian context, incorporating additional typologies based on frontline experience, and deepening the analysis of alert indicators associated with emerging modalities, including digital wallets and low-value, high-frequency transactions.

d. Development of final outputs

Drawing on all the information collected, the technical team undertook an internal review and consolidation process that involved removing duplications, addressing inconsistencies, and systematising the cases into clear, coherent typologies. Particular attention was paid to technical translation, ensuring the language and structure of the typologies were accessible and practical for compliance officers.
The process resulted in two complementary outputs:

- A publicly accessible catalogue of typologies on financial flows linked to trafficking in persons and sexual exploitation of children, aimed at raising awareness and sharing strategic knowledge.
- A restricted guide to alert indicators, intended for compliance officers, providing detailed explanations of why specific behaviours or transaction patterns should be considered risk signals.

Beyond the technical products, interviewees emphasised the intrinsic value of the methodology itself. The process facilitated cross-sector learning, created spaces where actors could identify and adjust practices in real time, and strengthened trust-based relationships that extended beyond the project. In this sense, the development of transaction typologies also served to operationalise the MEPIF, demonstrating how the mechanism can function as a platform for collaborative analysis and joint problem-solving.

Collaboration with law enforcement, prosecutors and civil society organisations

The interviews with representatives of UIF-Peru described the Peruvian system as a value chain in which each actor plays a distinct but complementary role. Reporting entities (obliged entities), including public institutions and entities from the financial and non-financial sectors (such as notaries, currency exchange houses and others[14,15]) are responsible for implementing prevention systems that enable the detection of suspicious transactions and their subsequent reporting to UIF Peru applies a risk-based approach to classify and prioritise Suspicious Transaction Reports, processing approximately 1,700 reports each month.[16]

UIF-Peru analyses the prioritised Suspicious Transaction Reports submitted by reporting entities using the various databases and information sources to which it has access, including, where relevant, information provided by financial intelligence units in other countries. As a result of this analysis, and only when potential money laundering, predicate offences and/or terrorist financing activities are identified, UIF-Peru prepares a Financial Intelligence Report and submits it to the Public Prosecutor's Office. The Public Prosecutor's Office, in coordination with the National Police of Peru, is responsible for verifying and corroborating the information received, conducting preliminary inquiries, and accessing information from additional sources, its own databases and field investigations. Based on this assessment, prosecutors may initiate a criminal investigation and gather the evidence required to bring a case before the Judiciary, which ultimately determines the corresponding criminal sanctions.

14. For example, entities such as travel agencies and professional football clubs.
15. For example, public notaries.
16. In 2021, the Superintendency, with support from the German Agency for International Cooperation- GIZ, updated its methodology for assessing money laundering and terrorist financing risks across sectors and reporting entities supervised by the UIF-Peru. The revised methodology applies an algorithm that assigns weights to risk factors, variables and mitigation measures based on the dispersion of the data analysed. These are then combined to calculate overall money laundering and terrorist financing risk levels. Superintendencia de Bancas y Seguros (s.f.). Herramientas desarrolladas por el Departamento de Supervisión de la UIF, para la prevención del lavado de activos en las APNFD.

Within this framework, the financial sector does not investigate crimes or identify victims. Rather, it acts as a first line of defence by identifying transactional patterns that may be linked to illicit activities.

Compliance officers play a central role in this system. They are formally designated by reporting entities to serve as points of contact with FIU-Peru and the supervisory authority. They are also responsible for overseeing the effective implementation and operation of anti-money laundering and counter-terrorist financing systems, enabling the reporting of suspicious transactions by analysing transaction data, customer due diligence information, transaction histories, product characteristics, geographical and temporal indicators, and specific red flags. The human trafficking project sought to strengthen this analytical function by equipping compliance officers with more refined criteria for identifying potentially significant patterns, even when those patterns involve low-value transactions.

Regional and international cooperation

According to interviewees, the establishment of the Public–Private Information Exchange Mechanism was strongly influenced by international experience with public–private partnerships, particularly in jurisdictions with more advanced money-laundering and counter-terrorist financing systems. Through participation in international forums and networks linked to the Financial Action Task Force[17] and the Egmont Group, Peruvian authorities were exposed to a range of established models, including those implemented in Canada (the Financial Transactions and Reports Analysis Centre of Canada and initiatives such as Project Shadow), the United States (the Financial Crimes Enforcement Network Exchange), the United Kingdom (the Joint Money Laundering Intelligence Taskforce),[18] and Australia (the Australian Transaction Reports and Analysis Centre).[19]

These experiences demonstrated the added value of structured public–private cooperation. In particular, they showed that systematic exchanges of strategic and operational information with the private sector can significantly enhance the detection of complex crimes; that trust-based, sustained and formalized cooperation contributes to improving not only the volume but also the quality and timeliness of

17. Financial Action Task Force (FATF).
18. IDPAI. (n.d). What is the Joint Money Laundering Intelligence Taskforce (JMLIT)? Definition and AML compliance meaning
19. Australian Transaction Reports and Analysis Centre

reporting; and that public–private partnerships can function as spaces for mutual learning, rather than being limited to supervisory or compliance-oriented relationships.

Swiss Cooperation provided technical support for the establishment of MEPIF. Its contribution enabled the mobilisation of specialised technical assistance to design the mechanism, organise training and awareness-raising activities for both public- and private-sector representatives, and support the institutional development of MEPIF, including identifying and engaging participating entities.

At the time of the interviews, representatives of FIU-Peru indicated that they were receiving technical assistance from the Inter-American Development Bank to develop a practical, operational guide for establishing public–private partnerships in Latin America, drawing on Peru's experience in developing MEPIF.

Key lessons and results

Making the financial dimension of trafficking in persons and related forms of exploitation visible.

According to interviewees, one of the most significant lessons from the project was the shared recognition that, while the Peruvian State has relatively strong legal frameworks, policies and capacities to address trafficking in persons, including sexual exploitation of adults and children, from a criminal justice and victim protection perspective, its financial dimension had historically received far less attention.

Targeting illicit financial flows derived from trafficking in persons, including the sexual exploitation of children, is a key strategy for effectively dismantling the criminal networks involved. Efforts should focus on tracing the financial gains generated by this crime and identifying all actors within the network, expanding investigations beyond the rescue of victims or the arrest of individual exploiters.

The project helped to:

- Demonstrate that the low levels of detection of cases of sexual exploitation of children through financial flows were not due to an absence of illicit financial activity, but rather to the limited visibility of these flows within traditional financial monitoring systems.

- Highlight that criminal investigations often document in detail acts of exploitation (including sexual exploitation of children), coercion and movement, yet tend to record payments, income and economic recruitment mechanisms only superficially or inconsistently.

Cross-sector learning and shared understanding.

Interviewees from the UIF-Peru and banks consistently emphasised that one of the project's main contributions was its ability to bring together actors who rarely engage in direct dialogue, including banks, the UIF-Peru, prosecutors, police, international organisations and civil society.

This exchange enabled:

- Financial sector actors to better understand how trafficking in persons and related forms of sexual exploitation of children are investigated, the evidentiary constraints involved, and what types of financial information are most relevant and actionable for the Public Prosecutor's Office when building criminal cases Office.
- Prosecutors and police officers to gain a clearer picture of how financial products operate, what information banks can and cannot provide, and under what timelines and conditions. And to raise awareness, particularly among prosecutors and police officers, of the importance of systematically incorporating financial information from the earliest stages of investigations.
- The development of a shared language across sectors, helping to reduce misunderstandings and unrealistic expectations.

One bank representative emphasised that the MEPIF space, particularly the role of the Financial Representative Unit, is critical, as it serves as an intermediary between the financial system, international organisations, and other financial actors in Peru. According to the interviewee, other institutions, such as the Public Prosecutor's Office, on their own, do not have the same level of access to or direct coordination with the financial sector.

Real-time adjustment of institutional practices.

An unexpected but highly valued outcome of the project was that technical and in-person exchanges allowed participants to identify and adjust institutional practices while the project was still underway.

For example:

- Prosecutors from different specialisations identified gaps in internal coordination and began establishing complementary communication mechanisms, underlining the importance of initiating parallel financial investigations.
- Normative and procedural obstacles that had not previously been questioned became visible through collective discussion.
- Several actors acknowledged that practical solutions were already available but had not been activated due to the absence of regular, direct dialogue spaces.

Strengthening the financial sector's preventive role.

From the financial sector's perspective, the project generated important insights into the need to look beyond transaction values and place greater emphasis on patterns, recurrence, and contextual factors. Interviewees also highlighted the value of more specific alert indicators, which support better-informed reporting decisions and improve the overall quality of Suspicious Transaction Reports.

Crucially, a representative from the Financial Intelligence Unit stressed that the project did not seek to expand banks' responsibilities beyond their legal mandate. Instead, it aimed to strengthen their preventive role within existing legal boundaries by providing more robust analytical tools.

The value of institutionalisation.

As indicated previously, interviewees from the Financial Intelligence Unit confirmed that the strong legal and regulatory basis of the MEPIF was decisive in ensuring sustained engagement from participating institutions, facilitating the allocation of institutional time and resources, and reducing reliance on individual leadership or personal commitment.

REFINING FINANCIAL TYPOLOGIES LINKED TO SEXUAL EXPLOITATION OF CHILDREN: PROJECT LED BY UNDOC[20]

In 2025, UNODC Peru initiated a complementary project to the MEPIF, aimed at developing concrete financial typologies and creating structured spaces for engagement between the financial and judicial sectors.

Background

A comprehensive approach to money laundering linked to the sexual exploitation of children is strategically aligned with UNODC's specialised interventions in Peru. This work is advanced through the project Disrupting Trafficking Networks: Strategies against Money Laundering, funded by the Government of Canada, which aims to dismantle the economic power and financial infrastructure of transnational criminal organisations. Inter-institutional coordination mechanisms led by the Public Prosecutor's Office have also been strengthened, enabling its different specialised units and other justice actors to better align criminal investigations and prosecutions with the systematic tracing of illicit financial flows.

In 2025, UNODC published the Study on Trafficking in Persons and Money Laundering in the Context of Illegal Economies.[21] This technical study highlighted the complexity of the money-laundering structures used by traffickers, identifying typologies ranging from the fragmentation of proceeds through payment applications and digital wallets to their subsequent integration into front businesses and shell companies. The study also identified early warning indicators that may fall below conventional detection thresholds and set out recommendations to strengthen the identification and investigation of these financial flows.

20. The information on this initiative was provided by a UNDOC representative
21. UNDOC (2025). Estudio sobre como delito fuente a la trata de personas lavado de activos en Perú

Development of the typologies of financial transactions

The development of financial typologies followed a practice-based, collaborative methodology led by the UNODC, aimed at grounding analytical outputs in real investigative and operational contexts. Rather than relying solely on abstract risk indicators or regulatory thresholds, the approach prioritised the reconstruction of financial flows linked to actual cases of trafficking in persons and sexual exploitation.

UNODC convened two technical working sessions that brought together financial institutions (including Western Union), specialised law enforcement officers working on money laundering, trafficking in persons, and organised crime, as well as prosecutors.

- First session: development of two specific financial typologies, discussions focused primarily on the sexual exploitation of children.
- Second session: development of two additional typologies, the scope was expanded to include other forms of exploitation.

The methodology emphasised differentiation by context and modality. Typologies were developed to reflect variations in territorial dynamics, forms of exploitation and financial behaviours, including the use of digital wallets, small and fragmented transactions, and remittance services. Attention was paid to capturing patterns that would typically fall below standard monitoring thresholds, but which are nonetheless indicative of exploitation when analysed in context.

In 2026, Peru's Public Prosecutor's Office developed the Specialised Operational Guide on Trafficking in and Exploitation of Persons Linked to Organised Crime, Other Forms of Criminality and Crime-Related Financial Flows.[22] UNODC contributed to the development of this instrument by providing technical inputs, specialised information and an inter-institutional perspective. This procedural tool translates abstract typologies into highly practical investigative guidance, offering step-by-step methodologies for conducting financial and asset investigations in complex cases. The guide is designed to enable analysts to map unusual transactions and strengthen the early identification of cases involving financial flows linked to crime.

22. Ministerio Público. (2026). Guía operativa especializada en trata y explotación de personas vinculadas al crimen organizado, otras formas de criminalidad y flujos financieros derivados del delito.

Key lesson learned

The methodology emphasised differentiation by context and modality. Typologies were developed to reflect variations in territorial dynamics, forms of exploitation and financial behaviours, including the use of digital wallets, small and fragmented transactions, and remittance services. Attention was paid to capturing patterns that would typically fall below standard monitoring thresholds, but which are nonetheless indicative of exploitation when analysed in context.

- Throughout the process, UNODC played a facilitative role, ensuring a safe and neutral space for information exchange and supporting dialogue across institutional boundaries. This approach enabled the development of four concrete, context-sensitive typologies and reinforced the importance of continuous interaction between the financial sector and investigative authorities for refining and validating typological analysis.

- The discussions made it possible to identify key dynamics in financial transactions linked to sexual exploitation. For example, participants highlighted the use of digital wallets (e.g. Yape and Plin) to process small, fragmented payments, as well as the mapping of prosecutorial cases, which revealed transactions ranging from very low amounts (PEN 1–3, approximately USD 0.30–0.90) to high-value transfers..

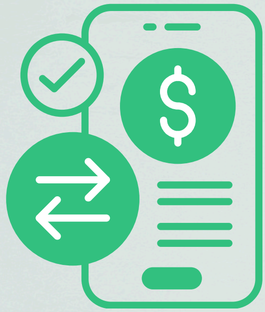
LESSONS LEARNED

Across the three initiatives, interviewees shared information on the process of developing typologies. However, regarding the validation of high-risk transaction classifiers, the interviews did not identify a clearly defined or standardised process. **Banking sector representatives highlighted the importance of receiving feedback from prosecutorial authorities to assess whether the identified scenarios and typologies are genuinely linked to trafficking in persons and sexual exploitation.** Such feedback would enable classifiers to be tested and refined using real-world cases. One bank representative noted that this need is particularly acute in Peru, given the country's geographic and social diversity and the wide range of financial transaction modalities. Validation would therefore help determine whether typologies reflect sexual exploitation, other related offences, or a combination of both, in a particular context.

Interviewees from the financial sector stressed that the identification and reporting of suspicious transactions should not rely solely on financial behaviour. Attention to behavioural red flags is also critical. Examples cited included migrant women who regularly attend bank branches accompanied by men, as well as situations in which men insist on approaching the counter alongside women despite staff requests that only one person complete the transaction.

A recurring theme across interviews was that the high prevalence of extortion-related crimes has become a significant driver of attention and engagement from both government authorities and the financial sector. Several interviewees noted that this strong focus on extortion may, in practice, overshadow or deprioritise efforts to address trafficking in persons and sexual exploitation, including the sexual exploitation of children.





Reflecting on how to address this dynamic, a representative from CHS suggested that efforts to tackle trafficking and the sexual exploitation of children should be situated within a broader understanding of organised and financial crime. While these crimes require targeted responses, they do not occur in isolation. CHS therefore emphasised the importance of integrating them into wider strategies addressing extortion and related criminal activities, recognising the overlaps in modus operandi, financial flows and the use of digital technologies.

The involvement of thematic experts on sexual exploitation was also highlighted as a key enabling factor across the three projects described, particularly during the development and operationalisation of classifiers, as well as in their subsequent use. While representatives from the SBS explained that subject-matter experts can be invited to MEPIF meetings when deemed necessary, representatives from non-governmental organisations expressed concern that such expertise is not embedded as a permanent component of the mechanism. They noted that the absence of sustained expert participation may limit the depth of analysis and the consistent integration of sexual exploitation considerations into financial intelligence processes.

Representatives from the banking sector highlighted that participating in these initiatives increased their individual awareness of the financial sector's role in detecting sexual exploitation. Beyond having access to information or being familiar with existing typologies, dedicated spaces for dialogue and exchange, such as the MEPIF, enabled them to better understand how these forms of exploitation manifest in practice and how they can be identified in real-world contexts. Interviewees also emphasised that awareness of a legal mandate or technical tools alone is insufficient. Effective detection requires genuine conviction and sensitisation among personnel in financial institutions. In the case of Scotiabank, this has translated into ongoing training for frontline customer-facing staff, particularly in response to high levels of staff turnover in these roles.

CONCLUSION

The three initiatives examined illustrate complementary approaches to engaging the financial sector in the prevention and disruption of sexual exploitation of children. The first approach, led by CHS Alternativo in collaboration with ECPAT International, focused on raising awareness and strengthening the engagement of financial institutions. Through the analysis of financial flows linked to individuals convicted of sexual exploitation offences, the initiative sought to identify transaction patterns and develop preliminary typologies. The work was implemented as a pilot with a specific bank, highlighting the importance of sustained sensitisation and awareness-raising to foster the involvement of financial actors in addressing this crime.

A second approach has focused on the formalisation of collaboration mechanisms. The establishment of the Public-Private Information Exchange Mechanism (MEPIF) has created a structured space for coordination between public authorities and financial institutions, facilitating dialogue, information exchange, and joint analysis of emerging risks.

Finally, the work led by UNODC has contributed to refining financial typologies related to sexual exploitation, enabling more technical discussions among relevant stakeholders and helping to increase the specificity with which financial transactions potentially linked to these crimes can be identified.

These approaches highlight key elements for engaging the financial sector: a combination of sensitisation, institutional coordination, and the technical development of financial intelligence tools. While each initiative addresses a different dimension of the response, their complementarity offers valuable lessons for strengthening financial detection and prevention mechanisms related to sexual exploitation of children.

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