# Addressing the Financial Dimensions of Child Sexual Exploitation

## Case study: Sweden



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

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# CONTENT


| | |
|---|---|
| Glossary | 1 |
| Executive summary | 2 |
| Introduction | 4 |
| Context | 5 |
| Entry points: Institutional actors and roles | 6 |
| Mechanisms and Processes | 7 |
| Outcomes and Impact | 9 |
| Enablers and Barriers | 19 |
| Lessons Learned | 10 |

# 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 or red flags:** 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 underpin many forms of child sexual exploitation, including payments for child sexual abuse material and livestreamed child sexual exploitation. These transactions leave traces that can support detection, investigation, and disruption. Sweden was among the first countries to establish a structured partnership bringing together financial institutions, public authorities and civil society to address these financial flows. Its experience illustrates how sustained collaboration can evolve from blocking known payment channels towards identifying suspicious financial behaviour within existing anti-money laundering systems.

This case study forms part of ECPAT International's Finance Against Child Exploitation: A Global Initiative to Mobilise Financial Responses to Child Sexual Exploitation (FACE IT). Based on interviews and a review of existing documentation, it examines the development of the Swedish Financial Coalition, its operational approaches and the lessons it offers for strengthening financial responses to child sexual exploitation.

Established in 2007–2008 by ECPAT Sweden and financial sector partners, the Financial Coalition initially focused on disrupting payments to websites commercially distributing child sexual exploitation and abuse material. By identifying those profiting from its distribution and the recipients of associated payments, participating institutions sought to prevent offenders from monetising child sexual exploitation and abuse. Stakeholders reported that these efforts made purchasing such material through conventional banking services substantially more difficult and contributed to a decline in dedicated commercial websites. ECPAT Sweden has played a central role as an expert intermediary, convening partners and connecting child protection knowledge with financial sector expertise and law enforcement intelligence.

As offending shifted towards livestreamed child sexual exploitation, international money transfer services and platform-based payments, the coalition adapted its approach. Project Indicators, launched in 2020 and restarted in 2023 following delays related to banking secrecy concerns, developed practical indicators through analysis of Swedish court cases involving livestreamed child sexual exploitation.

Test runs identified individuals warranting further investigation, with participating banks assessing the leads and reporting them to the Financial Intelligence Unit where appropriate. A dedicated "suspected child sexual exploitation" marker also helped make these reports more visible within financial intelligence processes.

Several key lessons emerge. First, indicators must be grounded in actual cases and updated as offender behaviour and payment methods change. Second, effective collaboration depends on trust, regular engagement and a coordinator capable of bridging sectors. Third, committed individuals within financial institutions, law enforcement and civil society are important for initiating and sustaining progress. Finally, banking secrecy restrictions remain a significant barrier to information sharing, requiring practical reporting arrangements and continued attention to the legal conditions for cooperation.

Sweden's experience demonstrates the potential of integrating specialised child protection expertise into financial monitoring and reporting processes. Its reported achievements provide promising evidence of operational value, while the case study does not establish the extent to which these efforts have reduced child sexual exploitation overall. Continued development includes exploring indicators for payment applications, like Swish, cryptocurrencies and financially motivated sexual extortion. For other countries, the experience highlights the value of an engaged financial institution, a committed law enforcement partner and a trusted coordinating body, supported by mechanisms that enable detection approaches to evolve over time.

# INTRODUCTION

**This case study forms part of a broader series developed by ECPAT International under ECPAT International's initiative: Finance Against Child Exploitation: A Global Initiative to Mobilise Financial Responses to Child Sexual Exploitation (FACE IT), which seeks to advance learning on how financial systems can be mobilised to detect and disrupt 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 play a critical role 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 focuses on Sweden, given its pioneering role in establishing a structured public-private partnership to disrupt financial flows linked to child sexual exploitation. The case study draws on interviews complemented by a review of existing documentation.**







# CONTEXT

Sweden was among the first countries globally to establish a structured public-private partnership – finanskoalition – aimed at disrupting the financial flows underpinning child sexual exploitation.[3] Inspired by developments in the United States,[4] ECPAT Sweden and financial sector partners established the Swedish Financial Coalition in 2007–2008 to prevent and obstruct payments linked to child sexual abuse material and other forms of sexual exploitation of children involving monetary exchanges.

The initiative emerged during a period when dedicated commercial websites selling child sexual abuse material relied heavily on mainstream payment systems, including credit cards and bank transfers. Stakeholders recognised that disrupting payment mechanisms could serve as an effective prevention strategy by making it harder for offenders to access illegal material and reducing the profitability of criminal operations.

A key enabling factor was the presence of committed individuals within both law enforcement and the banking sector – in addition to ECPAT Sweden – particularly within the National Police and Skandia Bank, who recognised the importance of addressing sexual exploitation of children involving monetary exchange.

Over time, technological changes altered the nature of offending. As traditional payment methods became less viable for purchasing child sexual abuse material, offenders increasingly shifted towards livestreamed child sexual exploitation, international money transfer services, platform-based payments and other digital payment mechanisms. This prompted the coalition to evolve its approach and develop new indicators capable of identifying emerging forms of exploitation.

3. ECPAT Sweden, ECPAT Sveriges finanskoalition,
4. ICMEC, U.S. Financial Coalition Against Child Sexual Exploitation

# ENTRY POINTS: INSTITUTIONAL ACTORS AND ROLES

The Swedish Financial Coalition was established as a voluntary multi-stakeholder coalition bringing together public authorities, financial institutions and civil society. Its membership included the majority of Swedish banks, the Swedish Bankers' Association, ECPAT Sweden, the Financial Supervisory Authority, the National Criminal Police, the Financial Intelligence Unit, the Economic Crimes Bureau and relevant government ministries.

ECPAT Sweden played a central coordinating role from the outset and, with a disruption between 2015 and 2020 when the Swedish Bankers Association was in charge, continues to lead the coalition today. It convenes meetings, provides expertise on child sexual exploitation, develops indicators and serves as a bridge between financial institutions and law enforcement.

Financial institutions contribute operational expertise and apply indicators within their transaction monitoring systems. Anti-money laundering specialists are typically responsible for implementing and assessing alerts.

Law enforcement agencies, particularly the police and the financial intelligence unit, contribute intelligence, support the development of indicators and receive suspicious transaction reports generated by participating institutions. Regular exchanges between ECPAT Sweden, banks, and law enforcement enable the continuous refinement of risk indicators and investigative approaches.

The coalition operates through a combination of annual member meetings, project-specific working groups and regular informal consultations with law enforcement. ECPAT Sweden convenes two large coalition meetings per year and several project-level meetings involving banks, payment providers such as Swish and police representatives.

# MECHANISMS AND PROCESSES

The coalition's initial strategy focused on identifying and disrupting payment channels used by commercial child sexual abuse material websites. Rather than targeting individuals purchasing such material, the coalition concentrated on identifying those profiting from its distribution and those receiving associated payments, thereby reducing the ability of offenders to monetise child sexual exploitation and abuse. This approach was considered both effective and less intrusive from a privacy perspective.

Over time, the coalition developed increasingly sophisticated indicators. Early efforts focused on payment card transactions associated with child sexual abuse material websites. As offender behaviour evolved, the coalition shifted towards analysing livestreamed child sexual abuse and online payment ecosystems.

A major innovation was the launch of "Project Indicators" in 2020.[5] The project sought to identify practical indicators that banks could use to detect payments linked to livestreamed child sexual abuse. Following an initial delay caused by concerns around banking secrecy regulations, the project restarted in 2023 with participation from ECPAT Sweden, a participating bank which one, the Swedish Financial Intelligence Unit, and technology company Softronic.

5. ECPAT Sweden (2024). ECPAT Sweden's Financial Coalition: Project Indicators. An opportunity to detect payments for livestreamed child sexual abuse

The process involved:

Analysis of Swedish court cases involving livestreamed child sexual abuse.

Identification of offender profiles, payment methods and transaction patterns.

Development of transaction indicators.

Testing indicators using anonymised bank transaction data.

Refinement of indicators through iterative testing and feedback.

Indicators included:

- Male offenders, typically aged 37–50.
- Frequent transactions to the Philippines.
- Use of Western Union, WorldRemit, PayPal, Remitly, Wise and other payment services.
- Repeated small-value payments.
- Transactions occurring late at night.
- Use of token-based payment syste



A practical mechanism was developed for reporting cases to the Financial Intelligence Unit. Coalition members agreed to label reports with a dedicated "suspected child sexual exploitation" marker, enabling the Financial Intelligence Unit to more easily identify and prioritise reports related to child sexual exploitation.

# OUTCOMES AND IMPACT

The coalition reports several significant achievements over its history.

The early focus on payment systems contributed to making it substantially more difficult for offenders to purchase child sexual abuse material using conventional banking services. Stakeholders observed a significant decline in dedicated websites selling abuse material and viewed the coalition as instrumental in identifying emerging payment patterns and developing corresponding countermeasures.

Project Indicators demonstrated that transaction-based indicators could successfully identify customers warranting further investigation. Test runs generated actionable leads that were subsequently assessed by participating banks and, where appropriate, reported to the Financial Intelligence Unit.

The project also resulted in:

- A standardised reporting mechanism for child sexual exploitation-related transactions.
- Improved cooperation between banks, law enforcement and civil society.
- Increased awareness within financial institutions of their role in child protection.
- The development of a practical methodology that can be integrated into existing Anti-Money Laundering processes.

An additional outcome highlighted by interviewees was the recognition that financial intelligence can contribute to identifying a wider range of harms beyond traditional money laundering investigations. The introduction of dedicated child sexual exploitation reporting categories represented a significant institutional shift in how such risks are understood and managed.

# LESSONS LEARNED

Several lessons emerge from the Swedish experience.

First, committed individuals matter. Interviewees repeatedly highlighted the importance of having engaged champions within banks, law enforcement and civil society who are willing to invest time and sustain momentum over many years.

Second, a trusted neutral coordinator is essential. The role of ECPAT Sweden as a civil society organization and expert intermediary enabled unique collaboration between institutions that would otherwise have had limited opportunities to exchange knowledge and develop common approaches.

Third, indicators must evolve alongside offender behaviour. The transition from payment card-based child sexual abuse material purchases to livestreaming, payment apps and potentially cryptocurrencies demonstrates the need for continuous adaptation and regular updates to detection models.

Fourth, legal frameworks matter. Banking secrecy regulations remain one of the most significant barriers to information sharing and operational collaboration. While stakeholders have identified workarounds, including enhanced reporting to the Financial Intelligence Unit, many interviewees considered existing legal constraints a continuing challenge.

Finally, Sweden's experience suggests that meaningful progress can be achieved even within restrictive legal environments when actors establish common objectives, practical indicators and regular coordination mechanisms. Interviews emphasised that successful replication requires at minimum an engaged financial institution, a committed law enforcement partner and a neutral coordinating body capable of bridging sectors.

## Appendix: Evolution of the Swedish Model (2008–2025)

The Swedish experience demonstrates how financial-sector engagement on child sexual exploitation can evolve over time in response to changing technologies, criminal behaviours, and institutional learning.

### Phase 1: Disrupting Payments for Commercial Child Sexual abuse Material (2008–2019)

The Swedish Financial Coalition was established in 2008 following inspiration from a similar initiative in the United States. Led by ECPAT Sweden and supported by major Swedish banks, law enforcement agencies, financial regulators, government ministries, and the Swedish Bankers' Association, the coalition aimed to prevent and obstruct payments linked to child sexual abuse material and other forms of commercial sexual exploitation of children.

During this period, the primary focus was on disrupting payments to websites selling child sexual abuse material. Coalition members exchanged intelligence on payment methods, collaborated with law enforcement and the Financial Intelligence Unit, developed internal policies, trained staff, and worked to identify and block financial transactions linked to illegal content. Rather than focusing on individual users, the coalition targeted the commercial infrastructure underpinning child sexual exploitation by identifying payment recipients and preventing sellers from receiving funds.

Stakeholders reported that these efforts contributed to making it significantly more difficult for offenders to purchase child sexual abuse material through mainstream financial systems and helped reduce the prevalence of dedicated commercial websites selling child sexual abuse material. The coalition also became an important platform for identifying emerging trends and raising awareness within both the financial sector and the wider public.

### Phase 2: From Payment Blocking to Financial Intelligence (2020–Present)

As offenders increasingly shifted away from traditional card payments and dedicated websites towards livestreamed child sexual abuse, international money transfer services, platform-based payment systems, and digital currencies, coalition members recognised the need to develop more sophisticated detection approaches.

In 2020, the coalition launched Project Indicators, a multi-stakeholder initiative designed to identify practical indicators that banks could use to detect transactions linked to livestreamed child sexual abuse. The project brought together ECPAT Sweden, financial institutions, the Financial Intelligence Unit, police representatives, and technology partner Softronic.

The initiative represented a shift from blocking known payment channels towards proactively identifying suspicious financial behaviour. Through the analysis of Swedish court cases, coalition members developed transaction indicators linked to livestreamed child sexual exploitation, including offender profiles, payment amounts, geographic patterns, transaction timing, and use of specific payment services. These indicators were subsequently tested against anonymised banking data and refined through iterative collaboration between participating institutions.

The project also resulted in a standardised reporting mechanism whereby participating institutions could flag suspicious transactions as "suspected child sexual exploitation" when reporting them to the Financial Intelligence Unit, strengthening the visibility of child sexual exploitation within financial crime investigations.

**Phase 3: Towards Emerging Risks and Systemic Integration (2025 and Beyond)**

The coalition is currently exploring how lessons from Project Indicators can be applied to new payment ecosystems and emerging forms of child sexual exploitation. Current discussions include integrating indicators into Sweden's Swish payment system, updating indicators to reflect recent cases of livestreamed child sexual exploitation, and examining risks associated with cryptocurrencies and financially motivated sexual extortion.

This evolution reflects a broader transition from reactive disruption of known payment channels towards a more intelligence-led model that seeks to identify, prevent, and investigate evolving forms of child sexual exploitation through financial systems. The Swedish experience demonstrates the value of sustained multi-stakeholder collaboration, continuous adaptation of indicators, and the integration of child protection considerations into existing financial crime frameworks.




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