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| Contribution by the International Centre for Missing & Exploited Children |
| ADDRESSING ONLINE CHILD SEXUAL EXPLOITATION (OCSE) IN THREE ASPECTS: THE FINANCIAL INDUSTRY’S CRITICAL ROLE IN COMBATTING OCSE; OCSE AS A PREDICATE CRIME; AND VICTIM COMPENSATION FOR OCSE SURVIVORS |
| **Purpose**The International Centre for Missing & Exploited Children (ICMEC) builds capacity and fosters systemic change to keep children safe. Criminal justice systems —composed of law enforcement, prosecutors, judges, social workers and other professionals— play a crucial role in the protection and recovery of any child who is abused, exploited, or who goes missing. As the internet is increasingly leveraged to exploit and harm children, the way these crimes are investigated and prosecuted must evolve.The fight against online child sexual exploitation (OCSE) is a global challenge that requires multi-disciplinary, cross-border approach. From a stakeholder perspective, public-private sector partnerships are critical, with the technological and financial industries being highly involved in this growing crime.ICMEC, in its intervention for ITU CWG-COP 2025, shares three aspects of its work globally in addressing online child sexual exploitation, focusing on the pivotal role of the financial aspect of OCSE. More particularly: 1 the Financial Industry's critical role on child protection and the best practices from the Financial Coalition Against Child Sexual Exploitation (FCACSE),2 ICMEC’s 2025 Study on Online Child Sexual Exploitation (OCSE) as Predicate Crime, and3 framework on Victim compensation and Restitution for and in support of OCSE survivors.**Action required**This report is transmitted to the Council Working Group on child online protection **for information**. |

# 1 The financial industry's critical role in child protection and the best practices from the Financial Coalition against Child Sexual Exploitation (FCACSE)

As a response to the growing problem of online child sexual exploitation (OCSE), International Centre for Missing & Exploited Children’s (ICMEC) believes that the financial industry has a crucial role to play in combatting this crime. More specifically, ICMEC highlights the Detect, Report, Disrupt approach, such that by following the money, we disrupt the economics of this trade.

On that front, ICMEC together with the National Center for Missing & Exploited Children launched ICMEC’s Financial Coalitions Against Child Sexual Exploitation (FCASCE) in 2006 —a powerful alliance with the financial payments industry and technology partners with one goal, as said— to disrupt the economics of this trade.

The FCACSE is a groundbreaking alliance between private industry and the public sector in the battle against commercial child sexual exploitation, to advocate for, support, and sustain the efforts of financial services companies to better protect children.

The FCACSE is made up of leading banks, credit card companies, electronic payment networks, third-party payment companies, and internet services companies. The Coalition endeavours to advocate for financial institutions (FIs) to follow the flow of funds and shut down the payment accounts used by these illicit enterprises or individual offenders. The Philippines’ Anti-OCSE Law provision for payment service providers (PSPs) highlights the role that financial institutions play in combatting OCSE and the legal accountability that the law provides.

The Financial Coalition initiative provides the platform for engagement and cross-sector collaborative action and due diligence across industry, LEA, regulatory bodies, and industry associations.

The Financial Coalition is a ‘coalition of the willing’. ICMEC, as convenor, facilitator, and catalyst, brings together financial institutions, law enforcement agencies, and regulators to share knowledge and insights into the dynamics in OCSE crime, develop best practice responses, and are now exploring, with select industry partners, pilot data-driven initiatives in Australia and the United States.

The work of the FCACSE is particularly aligned with several key United Nations Sustainable Development Goals (SDGs). **SDG 8.7** calls for effective measures to eradicate forced labor, human trafficking, and child labor, while **SDG 16.2** aims to end all forms of abuse, exploitation, and violence against children. By tackling the financial infrastructure that sustains OCSE, the coalition directly contributes to these goals, aiming to disrupt a criminal enterprise that thrives on the exploitation of children. Furthermore, the coalition’s work supports **SDG 16.4**, which aims to significantly reduce illicit financial flows and combat organized crime by 2030. Through collaborative, data-driven initiatives in countries like Australia, U.S., New Zealand, and the Philippines, the FCACSE is advancing practical solutions to weaken the economic foundation of OCSE and, ultimately, reduce the prevalence of these crimes.

The coalition’s impact goes beyond financial disruption. It fosters cross-sector partnerships that drive industry-wide best practices, supports legislative action, and empowers financial services companies to meet their legal and ethical obligations in protecting children. By bringing together stakeholders from the private and public sectors, the Financial Coalition exemplifies the power of collective action in addressing one of the most pervasive forms of child exploitation.

# 2 2025 study on online child sexual exploitation (OCSE) as predicate crime

Online Child Sexual Exploitation (OCSE) generates illicit profits often processed through financial systems, making banks and platforms potentially complicit in enabling criminal networks if they fail to detect and report such activities. Institutions that fail to detect or report transactions linked to OCSE face severe legal consequences. There has been evidence of high-profile cases like Westpac and Binance that paid penalties amounting to billions of dollars.

With these issues in mind, ICMEC has written a report entitled “Online Child Sexual Exploitation as a Predicate Crime under AML-CTF Laws”, which examined the inclusion of OCSE as a predicate crime under anti-money laundering and counter-terrorism financing (AML-CTF) laws across several countries. ICMEC’s research aims to highlight the need to define and list OCSE as a predicate crime to ensure FIs prioritize it and emphasize the critical role of financial institutions in preventing and combating OCSE which generates illicit profits often funnelled through financial systems.

By addressing the financial sector’s role in facilitating or obstructing OCSE, the report encourages institutions to take proactive steps to prevent child exploitation, fulfilling their obligations under the SDGs. More particularly, this publication aims to contribute to SDG 16.4, which seeks to *significantly reduce illicit financial […] flows […] and combat organized crime by 2030*.

In the report, ICMEC examined how 27 countries around the world are integrating OCSE as a predicate offense under their Anti-Money Laundering and Combating the Financing of Terrorism (AML-CTF) laws.

While six countries, including the United States, the Philippines, and Argentina, explicitly list OCSE as a predicate crime, 14 others, such as Canada, the UK, and Australia, follow an “all-crimes approach,” where any crime can be classified as a predicate offense under AML-CTF laws —provided it is criminalized under national law. Notably, Saudi Arabia’s failure to criminalize OCSE highlights a critical loophole that needs urgent attention. Additionally, countries like France and Turkey adopt more individualized approaches.

To this end, ICMEC advocates for comprehensive awareness in the financial sector, aimed at detecting suspicious transactions related to OCSE, integrating such offenses into compliance frameworks, and ultimately recognizing OCSE as a predicate offense under AML-CTF legal frameworks.

ICMEC acknowledges that bringing awareness to the financial sector requires a multi-faceted approach:

– awareness/education on the legal implications of OCSE-related activities, with supporting case studies as cautionary examples;

– the need for industry-wide training on detecting suspicious transactions and actors linked to OCSE;

– the need for industry-wide awareness and training on integrating OCSE into FI’s compliance frameworks;

– encouraging open dialogue and knowledge-sharing between stakeholders to align the financial sector’s efforts toward upholding legal and ethical responsibilities in regard to safeguarding children.

# 3 Framework on victim compensation and restitution for and in support of OCSE survivors

ICMEC also wishes to address the gap in providing victim compensation and restitution awards to survivors of sexual abuse or exploitation.

In the context of OCSE and child sexual abuse, there are certain jurisdictions that award victim compensation and survivor restitution. Restitution, as a legal mechanism, allows victims to seek compensation for losses suffered as a result of criminal offenses, specifically focusing on both personal and economic damages. This compensation or restitution is typically awarded through foreign courts in cases where perpetrators are outside of the victim's home country. While various countries have established legal provisions on the judicial award for restitution especially for a survivor located in a developing country such as the Philippines, challenges arise when the victim is a minor, especially regarding the transfer and management of funds to victims from a foreign country to the Philippines, where systemic issues such as lack of identification and bank accounts further complicate the process.

With this gap in mind, ICMEC worked with the Philippine financial industry partner to come up with a Victim Compensation Framework. The Framework outlines the challenges and gaps in the process of victim compensation and restitution, particularly for minors who are survivors of OCSE and trafficking.

This study proposes a comprehensive framework aimed at streamlining the restitution process for minor victims of OCSE and trafficking. The framework seeks to address current gaps by developing protocols for facilitating the opening of bank accounts for minors, ensuring that their awards are received, managed, and protected in accordance with industry best practices.

Partnering with stakeholders in the Philippine financial sector, the initiative focuses on providing clear guidelines for banks and financial institutions to better assist victims in accessing their restitution awards. This involves developing procedures that ensure minors can receive and manage these funds with oversight until they reach adulthood, addressing both legal and practical challenges in restoring dignity and financial support to survivors.

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