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From:	Presidency
To:	Law Enforcement Working Party
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Subject:	Action Plan on the way forward with regard to financial investigation - implementation of Action 3 (Financial investigations applied in the fight against migrant smuggling)

At its meeting on 24 October 2017, the LEWP discussed and endorsed the draft mid-term report on the implementation of the Action Plan on the way forward with regard to financial investigation.

With respect to Action 3 (Financial investigations applied in the fight against migrant smuggling), the Netherlands as Action leader informed the Working Party that a meeting of a number of law enforcement experts had taken place on 11 and 12 October 2017 in order to carry out an in depth analysis of an actual and realistic case of migrant smuggling.

The Netherlands also indicated that the final report of that meeting would be presented to the LEWP at its meeting on 27 November 2017. Delegations will find the report attached in the annex to this note.

Financial Investigation applied in the fight against migrant smuggling Action 3A



Profit, Partners and Payments

Report on Action 3A,
Action plan on the way forward with regard to financial investigation
The Netherlands
2017

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Introduction

Criminal organisations facilitating irregular migration play a key role in the current flow of migrants into Europe and so pose a major threat to European security¹.

Law enforcement interventions are largely focused on the physical migration routes. Though these interventions are crucial, it is clear that those are often not sufficient to undermine the criminal networks facilitating illegal migration.

Since the involved criminals are in it for the money, disrupting the business model of facilitators of illegal migration using financial investigative techniques, may offer an alternative strategy in stemming the flow of illegal migration.

In June 2016 the Council adopted Council Conclusions and the Action plan on the way forward with regard to financial investigations². These Council Conclusions envisaged to promote financial investigation not only as tool to seize and confiscate criminal assets, but also as an important source of information and evidence in potentially every criminal investigation³. The action plan consists of five separate actions to promote financial investigation, of which Action 3A, “Analysis of the migrant smugglers business model by applying financial investigations”, aims to understand the business model of migrant smugglers and draft new interventions to fight migrant smugglers. The objective was to do this analysis in close cooperation with different member states, Europol, the European Migrant Smuggling Centre (EMSC), and other relevant stakeholders. For this action, The Netherlands took up the role of action leader.

In this report, we present the results of this analysis. Instead of looking from the perspective of law enforcement we will take a new angle and focus on how facilitators of illegal migration offer their services and make money. In this business model analysis, we will focus on financial investigation. We will answer questions like: how does it work, what are its weaknesses and where do the opportunities for interventions both for law enforcement and policy makers lie?

¹ The European Strategic Organised Crime Threat Assessment (SOCTA) 2013

² Council Conclusions June 2016 10125/16

³ Often referred to as the FATF definition of financial investigation. See for example FATF report, Operational Issues Financial Investigations Guidance, June 2012

We will show that organised illegal migration is a business. But one with distinctive characteristics, in terms of the product it offers, its organisational set-up, the flow of funds and customer payments. Financial investigation offers new opportunities to find, follow and frustrate the business of facilitated illegal migration. We promote a business approach in going after these criminal organisations and focus on Profits, Partners and Payments. This calls for a financial investigative approach for law enforcement agencies in member states, and requires support of European policy initiatives as well as further research.

1 Methodology

The analysis was performed in five phases: preparatory desk research, interviews with migration experts, development of the Business Model Canvas approach, an expert meeting and finally the drafting of the report.

The first phase consisted of desk research. During this phase, an inventory was made of the available information on the working of illegal migrations business models. In this research, we focussed on international as well local studies. Most important conclusion was the division between high-priced, low risk, direct migration services versus the more common high risk pay-as-you-go offerings.

In phase two the project team -based on the desk research findings- approached international and national experts for interviews.

With the outcomes and using the Business Model Canvas we developed a method for participatory analysis in phase three. This method was first presented and tested during the Empact Expert meeting on financial investigation and illegal migration held in June 2016 at the Europol facilities in The Hague.

During phase four an expert analysis meeting was organised for further analysis. For this Expert Analysis Meeting experts from different member states were invited. Participants were categorised in arrival, transit and destination countries. Together with Europol and the European Migrant Smuggling Centre (EMSC) in particular, we performed the business model analysis during a two days' expert meeting on 11th and 12th of October 2017.

Member states participating were: Greece (arrival), Austria, Hungary and The Netherlands (transit countries) and the United Kingdom and Sweden (destination countries). The European Migrant Smuggling Centre (EMSC) of Europol also took part.

The action was completed with the drafting of this report.

The diversity of routes, origins and destinations, the ingenuity of facilitators and migrants alike and the available funds to migrants means it is impossible to speak of a ‘one size fits all’ business model for illegal migration.

For that reason, we decided to base the analysis on a case study that consists of all elements currently encountered when dealing with facilitators of illegal migration. It will show clearly the main features of any criminal business involved in illegal migration, but without obscuring the general structures with casuistic details.

We do not only present the results of our analysis, but we will also present a general method for performing such an analysis using the Business Model Canvas. Faced with an intelligent opponent, it does provide a new (and in our opinion strong) and adaptable weapon to find, follow and frustrate this illegal business using financial investigations.

2 Case description

Illegal migration is a diverse phenomenon in terms of countries of origin, motive for migration, routes and means of transport as well as destinations. Though specifics may differ, the principles behind illegal migration are similar. Therefore a case study was designed that is representative for illegal migration in general, showing the different aspects of this business as well as providing an insight into new intervention strategies.

The basis of the case are individuals travelling from an East Asian country to the UK. Their objective is to work illegally, make money to send to relatives or to pay for the journey of those relatives left behind.

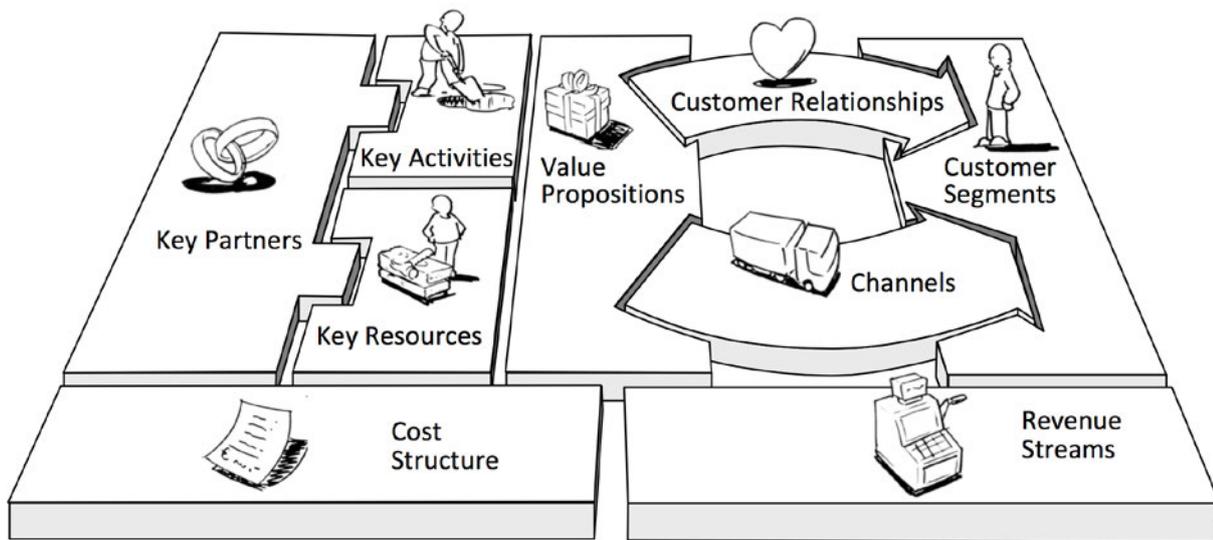
Migrants travel by land through Iran and Turkey. In Istanbul they find facilitators that help them cross the Mediterranean Sea in order to reach Greece and arrive in the EU.

Having travelled through several member states they arrive in The Netherlands where they take the ferry to get into the UK. They make this journey hidden in cars or trucks driven by European looking drivers (often local residents) in order not to attract suspicion from customs and migration officials. In the UK, they disappear in the illicit economy doing illegal work. In order to stay in the UK, they try to get hold of false documentation or identities.

This particular type of case was chosen because it clearly shows why and how illegal migration facilitators operate. It is a long time established route and it still is an important route into Europe.

The analysis focusses on this case: pay-as-you-go, high risk but relatively inexpensive journey. In this report, we will occasionally compare this with a more advanced package deal: more comfortable and a safer journey with higher chance of success, but also more expensive.

3 Analysis Business Model Illegal Migration



Business Model Canvas⁴ is a strategic management tool for developing new or documenting and analysing existing business models. It is a visual chart with nine elements describing a company's or product's value proposition, infrastructure, customers, and finances.

A company delivers a value proposition to customers (the customer side on the right hand of the diagram). On the left-hand side is the production. It depicts what activities, resources and partners are essential for producing and delivering the value proposition to the customers. The bottom of the canvas shows the financial side of the business: what production and delivery of the value propositions costs and how a company generates income.

Applying the Business Model Canvas provides insights of how the business behind illegal migration functions. That is important since financial investigation is not only about tracking and tracing money, but also about why and how these financial transactions were initiated. Financial investigation is as much about documents, contracts and loans as it is about finding and following the money.

⁴ The Business Model Canvas was proposed by Alexander Osterwalder. More information on https://en.wikipedia.org/wiki/Business_Model_Canvas or <https://www.youtube.com/watch?v=QoAOzMTLP5s>

This chapter will first discuss the customer side of the business: the value organised crime groups appear to offer, to whom and how they interact with their customers. Subsequently we will zoom in on the production side and how smugglers produce their service. In the final section, the financial aspects of the business are discussed: its costs and revenues.

3.1 Customer side

The customer side (the migrant) answers the question of what value proposition will be delivered to which customers and how this is done.

3.1.1 Value proposition

The value proposition is the product or service a business offers to meet the needs of its customers.

The essence of the value proposition offered to migrants is a better life. Either for themselves, for their relatives or for their children. Potential migrants live in an environment of low economic opportunities and often in conflict-areas.

In these circumstances, any change in environment can be alluring. For example, accounts from family members already in the UK or from reports in the press, present the idea that moving to Europe will provide these new opportunities.

This idea of achieving a better life may not only be for the migrant himself but for the entire family. There are many reports of families sending someone to the UK, so he can send money back to the family members left behind or he can make preparations for the rest of the family to join.

3.1.2 Customer segments

A company must identify which customers it tries to serve. A company can present different value propositions delivered in different ways to each customer segment.

Customer channels answers the question how a company promotes, sells and delivers its value propositions. A company can deliver to its targeted customers through different channels.

In this particular case customers are individuals from Asian countries like India, Pakistan or Afghanistan. Potential migrants with low economic opportunities. They often have fellow countrymen or relatives living in destination countries. They learn from them about opportunities in the UK. Families in the origin countries often appoint one member of the family to make the journey so he can provide for the people staying at home (by sending money) or by helping the rest of the family to undertake the journey.

Migrants are generally young, male, and the fittest of their family.

3.1.3 Channels

How does a company interact with its customers from sales, delivery to after sales and how do they stay in contact with their customer?

Facilitators of illegal migration provide their services using local contact persons. For every stretch of the journey migrants get in contact with a local contact person. After payment of fees (either directly to the contact person or by family members in the origin or destination country, to a local collector of the criminal organisation), the contact person informs the migrant what to do. For example, he will show them the safe house, instruct them on how to prepare for a border crossing, where and when to get ready. Migrants meet their contact in person or by using a phone or social media.

3.1.4 Customer Relationship

Important in a business model is how a company interacts with its customers from sales, delivery to after sales and how they stay in contact with their customer.

Facilitators of illegal migration interact with their customers using social media and personal networks. In some cases migrants receive special offers if they collaborate with the facilitators.

Social media

Social media are particularly important for the first stretch of the journey. Organised crime groups use social media like Facebook to advertise in the origin countries. They present a picture of the UK as the place to gain a better life, either for the migrant themselves or for their families. These advertisements on social media play a crucial role in convincing people to undertake the journey to the UK.

Social media advertisements depict a very rosy picture of the opportunities life will offer migrants in UK.

Adverts will state prices as well as inform migrants on how to get into contact with facilitators to help them make the journey.

Personal networks

After the first leg of the journey (from country of origin to Istanbul/Greece), criminal facilitators will reach migrants using the personal networks of the migrants. Migrants travelling through Europe connect with other migrants and family members using telephone, social media or by face-to-face contact. This system consists of social media posts, text messages and phone calls with fellow Afghans in the UK, family members in both UK and at home as well as contacts with other migrants.

Often migrants and contact persons meet at specific locations on the route such as refugee centres, during travel or locations like hostels and public parks. Contact persons are often from the same ethnic or linguistic background as the migrants.

Suggestions on how to continue on the journey and how to get hold of facilitators' services and information on prices are shared between fellow migrants.

Loyalty Program

Several criminal groups have offers similar to loyalty schemes in the legal economy. For example, if a migrant brings in ten other migrants, he will get a discount or parts of the journey for free.

Also, crime groups offer a discount or a free border crossing to a migrant that is willing to steer the rubber boat crossing the Mediterranean.

3.2 Production side

In our analysis of the production side we looked at the key activities of migration facilitators, the resources they require for those activities and how they make use of the services of partners.

Key activities

Key activities are the most important activities in executing a company's value proposition.

The key activities of the criminal organisation in this business case can be divided in activities focussed on delivering services to migrants, internal management, risk management and financial management. As we will show later, most of these key activities are outsourced to partners, making coordination their core activity.

Internal management

The core activity of any organisation involved in illegal migration is coordination. They will organise transport, safe houses, false documents and coordinate these services so that local contact persons can inform migrants about the pick-up points.

An important task is recruiting staff: drivers, guides, people overseeing safe houses or people acting as local contact persons. Staff is recruited from local networks (similar to how other criminal organisations operate) as well as from fellow migrants. Recruiting local staff is essential since locals know the territory and tend to blend in more easily both culturally and ethnically. We observe for example many cases where drivers of smuggling vehicles are local, so they do not draw attention from law enforcement and border police. Local authorities could play an important role in identifying safe houses.

As we will discuss below, many tasks are outsourced to key partners. Therefore, managing and recruiting partners is a key activity.

Service delivery

The primary services the facilitators offer, is helping migrants undertake the journey from A to B. Therefore, transport is essential. Transporting migrants is done using cars, trucks or boats, depending on the part of the route. Facilitators take care of transportation themselves (within the criminal organisation), but more often they outsource it to key partners.

The same applies to safe houses. Safe houses are used to gather migrants for the next stretch of the journey. For example, a truck will transport the migrants across a border, the migrants will be gathered in a safe house a day or maybe hours in anticipation of their departure. The safe houses are not used for providing midterm or long-term accommodation

Risk management

Facilitators of illegal migration operate in a high-risk environment. The risk mainly consists of legal risks for the entire operation, the migrants and to the people in charge of this criminal enterprise. Providing security is therefore a key activity in delivering the service as well as sustaining the business.

We can discern several activities to prevent or mitigate these risks. Collecting intelligence is an important activity for criminal organisations involved in illegal migration. For example, they will try to map where border checks are present and what procedures for examination are followed. With this information facilitators can try to circumvent these border checks or devise better methods for hiding.

The criminal organisations also study the investigative strategies that law enforcement agencies use to find and prosecute facilitators. This knowledge is used to instruct migrants on what to say and do in case they are apprehended and to frustrate investigations into the network.

Other measures to reduce risks is bribing authorities, for example at border crossings.

Since coordination is the principal activity of these criminal organisations securing means of communication is essential. Criminal organisations therefore invest a lot of time and money in 'fresh' mobile phones, constantly changing SIM-cards, numbers and phones in order to frustrate the tracking and monitoring of mobile phones.

Border crossings pose the biggest risk of detection. Facilitators are therefore reluctant to accompany migrants across borders. Instead they will either instruct migrants to undertake the crossing themselves or approach individuals from outside the criminal organisations for the trip. For example migrants are provided with rubber boats to cross parts of the Mediterranean and get instruction on the direction to sail, while the facilitators stay behind. Or criminal organisations hire a driver to take migrants across a border in his own car. In other cases they will let migrants make use of public transport or taxis.

Another strategy is dividing the facilitation network in geographically separate networks. The criminal network organises the travel of migrants from one border to the next, but will then transfer the migrants to the neighbouring network. This strategy of geographically separate, but connected networks makes detection and prosecution more difficult and creates on the other hand the additional benefit of increased flexibility. Criminal organisations can change the routes or destinations easily by contacting other networks in different countries. In this manner, they can easily adjust to new circumstances.

Financial management

Financial management is important in any enterprise, but in a multinational illegal business in a mass market with generally high value transactions, it is critical.

There are four major financial functions: manage fees, manage expenses, and launder profits and investment.

First of all, the criminal organisation must collect the fees migrants pay. This can be in cash or using formal or informal financial services. Chapter 4 provides more details on how migrants pay for their journey.

Expenses of the facilitators are mostly paid in local currencies, in cash. Think of hiring a driver to take migrants across a border or buying new, clean mobile phones.

Money transfers and physical cash transports are needed to provide funds locally and make payments.

The profit margin from facilitating illegal migration tends to be around 50%⁵. Fees are collected in either the countries of origin or the destination country, whereas costs are mainly incurred *en route*. Criminal organisations hire experts to move the funds and launder the money. There is no general, unique laundering method for funds originating from the business of illegal migration.

Authorities do however observe funds being sent to non-EU states in Asia and the Middle East. Often these countries are not willing or able to provide member states law enforcement agencies with information on these transactions.

Again obtaining information about suspected criminal assets proves to be difficult due to political, legal and practical obstacles.

3.2.1 Key resources

Key resources are the resources that are necessary to create value for the customer. These resources can be human, financial, physical and intellectual.

Safe houses are used to house migrants in preparation for the next stretch of the journey. They are not to provide housing during the journey, but serve only as a location to assemble for a next step in the trip.

Vehicles, like cars and trucks, necessary for transporting migrants are in many cases not bought by the criminal organisations but by their hired staff. There are some examples of cars being bought in some quantity by criminal organisations, but this is rare.

Boats to cross the Mediterranean for this case study tend to be simple inexpensive rubber boats. These boats are often directly ordered from China.

False or forged documents may be needed to cross borders (in particular if done using commercial air) but also false freight letters can be necessary to hide migrants in trucks. In the destination countries, the migrants will eventually need false documents for identification and to stay out of reach of the migration authorities.

Experts see these false documents as well as other resources being reused in later transports.

Only phones and rubber boats tend to be used only once and then discarded.

3.2.2 Key partners

In order to optimise operations and reduce risks for the business model, organisations usually cultivate buyer-supplier relationships so they can focus on their core activity. Complementary

⁵ Based on interviews with experts from the EMSC.

business alliances also can be considered through joint ventures, strategic alliances between competitors or non-competitors.

Facilitators of illegal migration make use of a range of services procured from key partners. Often the activities of those key partners are the most visible manifestations of illegal migrations. Think of the drivers of trucks and cars or the false documentation found on migrants. Less visible, but key to obtaining and accessing profits, are financial services.

Drivers

As we have discussed, transport is essential in the process, and often not done by the criminal organisation itself but outsourced to others. Often the hired drivers also provide their own means of transport. They buy simple and cheap cars or trucks and offer their transport services to the criminal organisations.

Drivers (and their vehicles) are crucial for moving migrants across Europe, but are merely commodities for the criminal organisations.. The number of available drivers is high. They are key partner but easily exchangeable. When a driver gets arrested, criminal organisations have no trouble finding replacement and continue their business process unhindered.

There are reports of drivers using hired vehicles. Either from legitimate car rental companies or rentals solely catering to criminal groups.

Since crossing the borders is risky, facilitators sometimes force migrants to use legal means like taxis or public transport.

Providers of (false) documentation

Facilitating illegal migration requires either false or falsified ID documents like passports, resident permits or freight letters. These documents are obtained from other criminals or criminal groups specialised in forged documents. Often these specialists do not only service criminals involved in illegal migration but any crime group requiring false documents.

Experts notice the reuse of documents. After a migrant crosses a border or completes the journey, the false document is send back to be reused by other migrants. Making available false documents sometimes become a sort of a rental service: facilitators pay once to procure the forged document and then each time charge migrants for the use of the document.

Financial and legal services

The business of illegal migration requires professional services like legal and financial advice.

On financial matters facilitators need advice on how to move funds internationally. But also how to launder profits and eventually invest these earnings. We assume facilitators make use of specialists for this matter, but our picture on the extend of the services, how and by whom they are provided, is unclear and imperfect. Further research on this issue would be valuable.

In case members of the organisation are arrested they require legal support. Facilitators also consult legal experts to learn about the legal developments and how to react on this within their business. For example, they change routes if legislation in a country offers new opportunities for migrants.

3.3 Finances

3.3.1 Cost structure

The cost structure describes the most important costs in operating the business. Businesses can for example be cost-driven (the business model focuses on minimising all costs and having no frills), or value-driven (less concerned with costs, this business model focuses on creating value for their products and services).

The costs for organised crime groups involved in illegal migration are not only financial, but can also be expressed in terms of the risk of being prosecuted. Being sentenced and imprisoned is a burden in itself, but will also mean loss of income for the time spent in prison. Apart from being punished with prison sentence, criminal business also run the risk of their assets being seized.

Most of the operational costs are variable. Criminal organisations pay for every trip across a border separately. Investment in capital is minimal. Some networks may buy transport like cars, vans or boats. But in the case of low cost, and pay-as-you-go migration, these costs are low (a car will be about a thousand euros).

Other expenses are fees for drivers, safe houses, false documents and bribes. Earlier research by the EMSC indicates that profit margins are in the range of 50% or higher.

3.3.2 Revenue streams

The revenue streams explain how a company makes income from each customer segment.

Costs for a single migrant to get from Afghanistan to the UK is estimated to be around 10 to 15 thousand euro. For the first stretch of the journey from Afghanistan to Europe this will be around five thousand euro.

Revenues for criminal organisations may not only consist of fees paid by migrants or their families, but also in the availability of cheap labour. There are indications that criminal groups are indeed involved in smuggling people for the sake of cheap labour.

Fees for low risk or guaranteed direct journeys will be considerably higher and have to be paid up front or with a down payment and final settlement after arrival.

We also see proof of criminal organisations trying to benefit from economies of scope. That is: crime groups use their expertise and network not only to smuggle people but also for illegal substances. This way costs per journey go down, while revenues increase.

4 Financing the journey

Migrants make the difficult journey at enormous costs. Consider for example that the Afghan Gross Domestic Product (GDP) per capita is \$576 (IMF, 2014). It is therefore unlikely that migrants are able to pay for facilitated migration. We can assume that the costs are too high to be paid up front by a single Afghan individual.

What we see is extended families setting money aside to pay for a family member to be send over to Europe. For this journey the family selects a young, fit and able (generally) male person. After he reaches the destination country he will send money to his relatives or will try to help others from the family to make the same journey.

This constitutes the other possibility of providing for the high fees required to make the trip to Europe. The family already living in for example the UK, saves money to pay for relatives to join them.

Often these funds are not enough for the entire journey. Therefore, the family pays for a first part of the trip and in the meantime will save for additional funds to pay for the next stretch of the journey.

There are some, but few, reports of migrants working during their journey. This does not seem to be a practical approach.

The method of obtaining money by (petty) crime is not observed. Crime would be a very risky, low rewarding, approach. If apprehended, a migrant will be send back to his home country.

We know of reports where migrants were offered ‘free passage’ if they would hide hard drugs under their clothing. This is a clear example of what is called in business terms economies of scope – by incorporating another business (in this case drugs smuggling) which has a direct relation to the original operation of smuggling people profits will go up as costs go down.

The exact general manner of financing and payment of the journey is still unclear and would require further investigation.

5 Conclusions and Recommendations

Organised illegal migration from the perspective of migrants and facilitators is a business like any other business: consumers pay for services offered by entrepreneurs that try to make money.

But in the case of illegal migration, services offered are illegal, disruptive to society and often end with the exploitation of the consumers of those very services.

Organised illegal migration is a multinational business of geographically separated but connected networks, whose key activity is managing and coordinating the resources and their partners in order to bring migrants from their country of origin to their destination. Migrants hope for a better life for themselves, their relatives or their children. These expectations are often not fulfilled, many migrants end up in poverty or are being exploited.

The geographically separated but connected networks operate from one EU member state that helps migrants cross that country and across the border to another EU state, where another criminal network takes over for the next stretch of the journey. Criminal groups choose this approach in order to mitigate the risks of being apprehended at border crossings as well as being flexible if conditions require a change of route. Each network makes use of their knowledge of the local circumstances to blend in easily.

The core activity of these criminal businesses is coordination. Providing migration services requires all kinds of resources and activities, but the operational activities are generally outsourced to partners. This for reasons of risk mitigation but also since some of those key activities are specialised services, that are not only required for illegal migration but for many other forms of crime.

The flow of funds in the business of illegal migration is noteworthy but not well understood. Many of the migrants do not pay themselves, but payments are provided by relatives in either their home country or the country of destination.

5.1 Find, Follow and Frustrate

Understanding the business model of facilitated illegal migration can help develop new approaches to combating these criminal organisations and will also give insight in why and how current law enforcement strategies fail or do not deliver the envisaged results.

In dealing with illegal migration we see that law enforcement agencies focus on the visible manifestations of organised illegal migration, not on its vulnerabilities. Participants in our analysis and interviews confirm that law enforcement tends to stop and check vehicles, arrest drivers and

confiscate the vehicles used for transporting migrants. Though resources and partners in transportation or providers of false documents are essential, they are not unique and abundantly available. Arresting those may hinder, but will not frustrate organised illegal migration.

The business objective of organised illegal migration is making money. Using a business perspective and looking for its weaknesses is a far better strategy to Find, Follow and Frustrate organised crime groups. We can discern interventions both by law enforcement or other policy initiatives. Additionally further research is required into particularly the financing of the journey.

5.2 Profits, partners and payments: opportunities for intervention

Financial investigation is the appropriate tool for understanding a criminal business, to find out how an organisation operates, who is in charge and track and find their profits. Since profit is the motive for the criminals involved, getting our hands on that money will be the ultimate way to frustrate the criminal enterprise. If we can seize the earnings, we can stop the business.

In terms of a financial investigative approach we discovered three main tracks: profit, partners and payments.

Each of these tracks are currently underdeveloped as an investigative tool, but considering the business model they show great potential in finding, following and frustrating the business of illegal migration.

Cars, drivers and other resources are commodity resources: easily available and replaceable, and should not be the key focus in any strategy of combatting illegal migration. Instead following the purchase and payment of these resources can provide new information on how the criminal organisation operates and who is in charge. The same is true for forged documents. Criminal organisations purchase the documents from other criminal organisations specialised in obtaining or producing false or stolen documents.

It starts with Financial investigation

Several agencies in member states have shown that following money trails into for example car dealers can lead to the people in charge of organising transport within organised crime groups.

For these visible manifestations, it is key to follow through on how it is purchased, by whom, from whom, who paid for it and in what manner. This requires investing in financial investigation from the very beginning of any criminal investigation into illegal migration. Several member states have shown highly improved results using this approach. This practice indicates that interviewing suspects, witnesses and migrants on financial transaction should become a standard procedure.

Connecting the dots

Our experts observed that having this information is important but not sufficient. Only after we are able to make the links between different transactions, we can discern patterns and investigate beyond who drove the vehicle and get closer to the people actually running the criminal business.

In order to achieve this, it is crucial that information on transactions as well as the used vehicles, documents and people is shared with other member states. Only then will we be able to uncover the network.

Europol already offers a platform for sharing and analysing this type of information. It would be highly recommended to use the facilities of Europol for connecting the financial dots between investigations in member states. To be successful, all member states working on organised illegal migration should implement the FATF Operational framework on financial investigations.

The main difficulties for criminal organisations are moving funds to the location where they have to pay their partners or moving their profits into safety to avoid being found by authorities. Finding and following those funds provides a forceful opportunity to frustrate these criminal practices.

The payments are sometimes made using the formal banking system, but more often new payment methods (like cryptocurrencies), money transfers, or an informal banking system like Hawala is used. But most often payments are still made in cash.

Conclusion 1: Organised illegal migration is a multinational business of geographically separated but connected networks.

Conclusion 2: Using the business model approach offers new insights in the working of criminal organisations involved in illegal migration

Conclusion 3: The key activity of facilitators is managing and coordinating the resources and their partners.

Conclusion 4: The business of illegal migration requires professional services like legal and financial advice.

Conclusion 5: False or falsified documents are a key resource and documents are often used multiple times (rental system)

Conclusion 6: Social media are a key instrument for criminal groups to build relations with potential customers and convince migrants that the journey is worth it.

Conclusion 7: Relatives in home or destination countries generally finance the migrant's journey. Exactly how, is unclear.

Conclusion 8: Apprehending drivers and other partners barely disrupts the business model of facilitated illegal migration

Conclusion 9: Facilitators provide their services using local contact persons Contact persons are often from the same ethnic or linguistic background as the migrants.

Conclusion 10: Finding and following profits, partners and payments will provide more information into the working of criminal organisations and who is controlling it. It will provide a tool to eliminate the motive behind the crime.

Conclusion 11: Connecting information on profits, partners and payments from different member states will contribute to a more complete insight into the network(s) involved.

Conclusion 12: Most payments are still made in cash. Sometimes payments are done using the formal banking system, but more often new payment methods (like cryptocurrencies), money transfers, or an informal banking system like Hawala is used.

Conclusion 13 : Alternative ways of payment are smuggling small amounts of drugs (1 a 2 kg, body taped) while crossing borders , act as ‘captain’ on a smuggling boat or recruiting a certain number of fellow citizens who aim to flee to Europe.

Conclusion 14: Criminal organisations try to benefit from economies of scope and use their expertise and network not only to smuggle people but also for illegal substances.

5.3 Recommendations

Recommendation 1: Apply the FATF Operational Framework on Financial Investigation

Implement FATF guidance on financial investigations in member states operations and share information using Europol.

The FATF recommends the use of financial investigation to identify criminal networks and build up evidence by identifying and following financial transactions⁶.

We recommend financial investigation to be a starting point

- Apply financial investigation from the start
- Follow payments, partners and profits
- Always do a financial interview with suspects, migrants and other witnesses
- Share data using the services of Europol
- Use Europol analysis to connect the dots between the information from MS.

Recommendation 2: Focus on the network

Use the resources to uncover the criminal networks

Apart from following finances, much more information can be obtained on the networks by analysing the usage and procurement of physical resources. For example, car usage (also rental companies) and telephone data, but also the forged documents. Local authorities are crucial in recognising safe houses and identifying these core nodes in the migration network.

Again, the services of Europol will be required to link information and generate a more complete picture of the entire network. Financial investigation can be the instrument to connect those physical networks to the people in charge who pay for all transactions and procurement.

Recommendation 3: Go after cash

Make the usage by criminals of cash more difficult

Payment to the criminal groups involved is generally done in either the origin country or the country of destination. The criminal groups subsequently have to transfer funds to their partners along the route, for example to hire drivers or buy boats. Profits also need to be laundered and

⁶ FATF Report, Operational Issues Financial Investigations Guidance, June 2012.

invested. For all these transactions, the formal financial system is only used to a limited extent. In all other cases, some form of physical money transport is required. This is self-evidently in the case of cash payment, but also when the informal banking system is used, since the latter always requires an eventual settlement between accounts in cash.

The physical transport of cash is therefore an important weakness in this business case and offers new opportunities for law enforcement.

Anti-cash initiatives such as money sniffing dogs at airport controls, provide an intervention not only to frustrate illegal migration, but to hinder any sort of international money driven crime.

Recommendation 4: Regulate informal banking services

Regulate informal financial services to increase control and transparency in order to obstruct and follow criminal processes

Hawala and other forms of informal financial services play an important role in illegal migration. Regulating these financial service will not stop financial transactions, but it will support law enforcement agencies in gaining control on these irregular services. Hawala type activities could be required to come under a licence system, for example implemented under the Payment Services Directives. Hawala activities without authorisation would become an administrative offence. This would allow for greater transparency of the sector and would improve the monitoring⁷.

⁷ JHA Counsellors / COSI Support Group meeting, in Brussels on September 18th, 2017, The Austrian delegation and Europol presented 12005/17, ‘The role of criminal “Hawala” and other similar service providers (HOSSPs) in illegal immigration, money laundering and terrorism financing – recommendations for changes and other initiatives’

Recommendation 5: Link up with investigations into illegal substances

Authorities involved in fighting facilitated illegal migration should work together with criminal investigations into illegal substances.

We saw criminal organisations trying to benefit from economies of scope and use their expertise and network not only to smuggle people but also smuggle illegal substances. Law enforcement agencies involved in investigating facilitated illegal migration or the smuggling of illegal substances should link up and share data. Not only because this will create new insights but also since these involved criminal groups pose a larger threat to society.

Recommendation 6: Investigate and disrupt marketing via Social Media

Investigate, analyse and disrupt the marketing of illegal migration services in social media.

Social media are a key instrument for criminal groups to build relations with potential customers. Investigating and analysing those marketing activities will offer new information on how these criminal networks are organised and how they operate. This information can also be used to predict new migration routes and to have an early policy response ready to deal with those changes.

Additionally, if we are able to disrupt the development of customer relations, the business of facilitated illegal migration will be gravely hindered.

Recommendation 7: Re-Marketing strategy

Disseminate a counter narrative to the marketing efforts of facilitators of illegal migration so potential migrants can make a well-informed decision based on more realistic insights in cost, risks and potential benefits of migrations and possibly decide not to travel.

Migration starts with the potential migrant learning about the appealing opportunities in destination countries. This story is advertised by migration facilitators using social media marketing techniques. Telling about the opportunities of a better life in Europe convinces migrants or their families to undertake the journey and buy the services. In reality, many of the migrants will not find the advertised better life. They end up working illegally and are often being exploited. Having a counter narrative to the value proposition offered by facilitators of illegal migrants may prove to be an effective instrument to decrease the demand for facilitation services.

We therefore recommend exploring the possibility of a counter marketing strategy in countries of origin.

Recommendation 8: Use the Business Model Canvas as a tool for analysis

Use the Business Model Canvas as a standard tool for analysis to dissect criminal undertakings like facilitated illegal migration.

The use of the Business Model Canvas proved a strong general method for a comprehensive analysis of the business of illegal migration. It provides a new, innovative and adaptable weapon to find, follow and frustrate this illegal business using financial investigations. We recommend using the BMC as a standard, participatory approach in financial investigations into cases such as facilitated illegal migration.

Recommendation 9: Investigate the financing of journey by migrants

Investigate how migrants finance their journey and on how payments are organised.

As discussed above the financing of the journey by migrants is a unique but not well understood aspect of the business and process of illegal migration. It may offer opportunities that can be exploited by law enforcement and other authorities. We therefore recommend further research into these finances with the additional question of how these findings can contribute to further interventions.

Recommendation 10: Further research into the criminal professional financial service providers

Investigate how organisations involved in illegal migration obtain the necessary financial services, who offers those services and what do these services generally entail.

The business of illegal migration requires professional services like legal and financial advice.

We assume facilitators make use of specialists for this matter, but our picture on the extend of the services, how and by whom they are provided, is unclear and imperfect. Further research on this issue would be valuable. A special point of attention in this matter should be the services and flow of funds related to corruption.