The Asian Development Bank (ADB) Trade and Supply Chain Finance Program (TSCFP) has been leading a global effort to reimagine and transform transparency in trade, including combating trade-based money laundering (TBML).

**What Is Trade-Based Money Laundering?**

The Financial Action Task Force defines TBML as “the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illegal origin or finance their activities.” Technical definitions fail to capture the human and development-related damage and costs connected to the crimes that contaminate the trade and finance system.

There are challenges in detecting and disrupting TBML compared with other forms of money laundering. Challenges include (i) complexity and volume of international trade, (ii) cross-jurisdictional nature, (iii) lack of reliable statistics, and (iv) limited understanding of trade processes.

**Key Initiatives**

**Capacity Development**

TSCFP partners with leading industry experts to deliver in-person and virtual training for banks, regulatory authorities, and law enforcement agencies to deepen understanding of TBML, improve intelligence-gathering, increase collaboration, and identify patterns in criminal and laundering activity.

**Detection and Analysis**

TSCFP is collaborating with the United Nations Office on Drugs and Crime on a reporting system called goAML, adopted by over 60 countries. goAML enables the reporting and tracking of suspicious financial transactions. The suspicious transaction reports (STRs) are important for analysis, investigation, and intelligence gathering.

TSCFP has designed and implemented a pilot to introduce intelligence-rich data in STRs. Countries participating in the pilot include Bangladesh, Mongolia, Nepal, Pakistan, and Sri Lanka. Given the reach of goAML, the potential to quickly expand the pilot around the world is high.
Development Impact

International trade is a powerful tool to advance development and reduce poverty.

Countering trade-based money laundering is critical to promoting trade transparency which builds trust, confidence, and predictability in global supply chains. The result is a more robust international trade system better equipped to deliver the economic growth and jobs required to achieve the Sustainable Development Goals.

Expected Outcomes

- Enhanced ability to identify, track, and prosecute TBML.
- Improved quality and amount of data (never before collected) to enable analysis and identification of laundering patterns.
- Improved cross-border information exchange among regulators and law enforcement.

About TSCFP

Backed by ADB’s AAA credit rating and working with more than 250 partner banks, the TSCFP enables trade and supply chains with loans and guarantees that underpin economic growth and create jobs to improve people’s lives. TSCFP initiatives help make global trade and supply chains green, resilient, inclusive, transparent, and socially responsible.