

Developing a Public Private Partnership Approach to Increase Financial Inclusion for Modern Slavery Survivors in Mexico

Insight Briefing

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Finance Against Slavery and Trafficking (FAST) is a multi-stakeholder public/private sector collaboration based at United Nations University Centre for Policy Research (UNU-CPR) that works to mobilize the financial sector against modern slavery, including human trafficking. Through its alliance-building approach and grounding its work in evidence-based approaches and rigorous analysis, FAST provides tools and training to financial sector stakeholders to take meaningful, sustained action. UNU-CPR, headquartered in New York, is an independent think tank within the UN system. It combines research excellence with deep knowledge of the multilateral system to generate innovative solutions to current and future global public policy challenges.

Acknowledgements

Thanks to all members of the FAST/Mexico Survivor Inclusion Working Group and the regional FAST/Latin America and the Caribbean Advisory Group. To the survivors of modern slavery in Mexico, and those working to support them, we deeply appreciate your help to better understand and begin to address your financial access needs.

ISBN: 978-92-808-6622-3 © United Nations University 2024

Citation: Janina Pescinski and Leona Vaughn, "Developing a Public Private Partnership Approach to Increase Financial Inclusion for Modern Slavery Survivors in Mexico," UNU-CPR Insight Briefing (New York: United Nations University, 2024).

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Introduction

The scale and scope of trafficking in human beings, forced labour, and child labour (collectively referred to as ‘modern slavery’) is a significant challenge for achieving Sustainable Development Goal (SDG) Target 8.7¹ to reduce and eradicate modern slavery by 2030, including child labour by 2025. There are now an estimated 49.6 million people in conditions of modern slavery globally.² Each year, forced labour alone generates \$150 billion in profits, making it one of the most pervasive criminal economies in the world.³

Financial exclusion is a known risk multiplier for modern slavery.⁴ The Finance Against Slavery and Trafficking (FAST) initiative therefore supports initiatives to increase financial inclusion, recognizing that financial inclusion can be an important protection response against slavery and trafficking risks. FAST’s Survivor Inclusion Initiative (SII) began in 2019 to provide survivors of modern slavery in the UK, US, and Canada access to financial services. Through this project, FAST has brought together a dedicated coalition of ‘participating entities,’ including 13 banks⁵ and more than 30 survivor support organizations (SSOs), to help over 3000 survivors access basic banking services, such as checking and savings accounts. FAST worked with banks and regulators to increase the financial inclusion of modern slavery survivors to aid recovery

and help reduce their vulnerability to re-victimization. The FAST Secretariat provides training resources, direct support, and periodic convenings of all participating entities to facilitate peer learning. An independent Expert Review undertaken on SII⁶ confirmed that the close collaboration of banks and SSOs, with support from FAST, has enabled safe and reliable engagement with survivors, which needs to deepen further. SII has also changed banking practice,⁷ including SSOs helping to verify and confirm survivors’ details and status to banks if they do not have standard documentation. FAST has taken the lessons from this work to consider how financial inclusion can be increased for survivors in various geographical contexts.

To advance work in Latin America and the Caribbean, FAST regularly convenes 65 regional stakeholders to discuss the financial inclusion needs of survivors and other populations vulnerable to modern slavery. This regional advisory group brings both the public and private sector together, including academics, financial institutions, financial regulators, governmental actors, and non-governmental (NGO) and civil society organizations. The group identified Mexico as a potential country with a well-developed financial inclusion framework to pilot public/private partnership (PPP) interventions to increase survivor financial inclusion.

¹ Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

² International Labour Organization (ILO), International Organization for Migration (IOM), and Walk Free, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* (Geneva: ILO, 2022). Accessible at: <https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/>.

³ Global Initiative against Transnational Organized Crime, *Global Organized Crime Index 2021* (Geneva: Global Initiative against Transnational Organized Crime, 2021). Accessible at: <https://globalinitiative.net/wp-content/uploads/2021/09/GITOC-Global-Organized-Crime-Index-2021.pdf>.

⁴ FAST, *A Blueprint for Mobilizing Finance Against Slavery and Trafficking* (New York: United Nations University, 2019). Accessible at: <https://collections.unu.edu/eserv/UNU:7487/Blueprint-DIGITAL.pdf>.

⁵ Banks who are existing SII members and operate in Mexico, include Citi Bank, HSBC, and Scotiabank.

⁶ FAST, “Lessons from the Survivor Inclusion Initiative (SII) in the UK, US, and Canada” UNU-CPR Insight Briefing (New York: United Nations University, 2022). Accessible at: <https://collections.unu.edu/view/UNU:8937#viewAttachments>.

⁷ See, for example, the Canadian response to financial inclusion for survivors: <https://unu.edu/publication/lessons-canadas-approach-extending-financial-access-survivors-modern-slavery>.

Key Insights from Mexico Pilot

- **Building a multistakeholder coalition across the public and private sector (a PPP):** FAST was able to leverage its convening power to bring together critical actors who were not yet collaborating on the issue of financial inclusion for survivors in Mexico. Participation from all these actors was key in order to understand needs from those working directly with survivors, to inform financial institutions about those needs, and to get government buy-in on regulatory best practices.
- **Taking a collaborative, staged approach to pilot development:** By first increasing awareness of the challenges related to modern slavery in Mexico, and the obstacles survivors face in accessing financial products and services, key stakeholders became committed to participating in the working group. By taking a collaborative, consensus-based approach to the working group, they were able to decide each step of the pilot with FAST supporting, rather than directing, the course of action.
- **Sharing insights across jurisdictions:** In addition to convening a diverse group of in-country actors, FAST was able to share insights from Mexico's work across different jurisdictions, namely the tiered banking system and opportunities it offers for increasing financial inclusion. Given its international focus, FAST was able to connect partners around the world and share critical lessons and best practices, including simplified due diligence in Canada and developing a PPP for financial access in South Africa.

Pilot Intervention

The pilot intervention had a broad aim to widen access to basic banking services for survivors in Mexico. Improving the financial inclusion of victims/survivors of modern slavery, as well as others vulnerable to exploitation, is an important aspect of reducing and preventing trafficking and slavery, and as such, can contribute to improving the economic health of a country. It is, moreover, an essential part of protecting survivors and supporting their financial recovery, reintegration, and access to remedy.⁸

modern slavery and financial exclusion to support the development of this intervention. FAST subsequently drafted a concept note that summarized key findings on modern slavery and financial inclusion in Mexico. This concept note was shared to mobilize stakeholders across various sectors, including government, international organizations, financial institutions, and NGOs. FAST also partnered with the NGO A21 as a key liaison with SSOs in Mexico throughout the development of the pilot intervention. The work took place in several stages (See Figure 1: Methodology Stages).

Methodology

FAST established a working group of Mexican stakeholders to initiate the development of the pilot intervention. FAST undertook desk-based research on

⁸ The 2023 US State Department *Trafficking in Persons* report identifies a priority recommendation for Mexico to “[a]locate funds to a legally required victim assistance fund to cover restitution payments convicted traffickers are unable to pay and develop a mechanism to ensure victims receive court-ordered payments.” The lack of a basic bank account can be a significant barrier.

Figure 1: Methodology Stages

Stage One	Desk research on modern slavery and financial inclusion in Mexico (see <i>Appendix</i>)
Stage Two	Increasing sensitization to relationship between financial inclusion and modern slavery
Stage Three	Pilot Design: Increasing financial inclusion for survivors
Stage Four	Mapping services and need
Stage Five	Responding to information needs
Next Steps	Assessing the efficacy of the intervention Responding to additional needs

Increasing Sensitization: Financial Exclusion and Modern Slavery

This pilot intervention aimed to establish a collaboration to build on Mexico’s excellent practices that have been developed separately on financial inclusion and on human trafficking. No interventions to date have specifically focused on the intersecting issue of financial access for survivors of trafficking, who are at increased risk of exploitation and re-victimization when they do not have access to formal financial services. Survivors, including migrants and victims returned to Mexico, in addition to those who are at high risk of slavery and trafficking, such as domestic workers, represent a potentially significant target population for ‘on-banking’ in the country.⁹

Following initial research, the second stage of the work from October 2022 to January 2023, concentrated on raising awareness in Mexico on the issues relating to financial exclusion of survivors and populations at risk of trafficking and modern slavery. FAST held consultation meetings with key stakeholders in Mexico, including academics, NGOs, and UN bodies, in order to understand the work being done on modern slavery and financial inclusion.

In January 2023, FAST convened a roundtable on slavery, trafficking, and financial exclusion in relation to anti-money laundering (AML) and financial inclusion practices in Mexico. The event brought together seven expert speakers and 110 online attendees. In the first session of this roundtable, the speakers gave an overview of modern slavery in Mexico and why financial inclusion is important for survivors. The second part of the roundtable focused on the role of the financial sector, discussing AML regulations, banking regulations, and financial inclusion.

The outcome showed that financial institutions did not know enough about who was supporting survivors in the country and what survivor needs were, while SSOs were unaware of what types of financial products were accessible to survivors. Therefore, it was decided that the next step of the pilot intervention would be for the in-country working group to develop into a more cohesive PPP approach which could guide the development of interventions, prioritize the financial inclusion of survivors, and widen interventions for at-risk populations.

⁹ Mexico has an estimated immigrant population of 2 million people (mainly from the US, Guatemala, Venezuela, and Colombia), according to 2020 Censo de Población y Vivienda: <https://www.inegi.org.mx/programas/ccpv/2020/default.html#Tabulado>. As of 2022, in relation to asylum, Haitians were the largest national group receiving humanitarian visas in the country: http://www.politicamigratoria.gob.mx/work/models/PoliticaMigratoria/CEM/Estadisticas/Boletines_Estadisticos/2021/Boletin_2021.pdf.

Pilot Intervention Design: Increasing Financial Inclusion for Survivors

FAST convened key stakeholders to engage and consult in the development of this working group into a PPP approach to extend financial inclusion to survivors. The objectives were to include stakeholders from different sectors in order to best understand the needs of survivors, gain buy-in from financial institutions to serve survivor clients, and collaborate with government entities on regulatory best practices. Members include representatives of government departments, financial institutions, and civil society organizations (specifically SSOs):

- National Banking and Securities Commission (CNBV)
- National Committee for the Defense of Users of Financial Institutions
- Inter-ministerial Commission on Trafficking in Mexico
- Financial Intelligence Unit (FIU-Mexico)
- Asociación de Bancos de México (ABM)
- Banco Santander
- BBVA Bancomer
- HSBC Mexico
- Scotiabank Mexico
- A21
- 11 survivor shelters across Mexico.

This group is currently convened by FAST to share lessons across the diverse sectors represented by stakeholders in Mexico, who previously had not worked together. The group draws on insights from work in other countries. For example, Scotiabank presented its new work on simplified due diligence for survivors in Canada¹⁰ and Santander presented its model for financial inclusion in Spain.

Pilot Baseline Survey: Mapping Services and Need

The working group determined that there was a lack of data on the basic banking needs of survivors. Based on FAST's experience with SII, for partnerships to successfully address financial inclusion for survivors, knowing who is supporting survivors and who understands and is able to respond to survivors' financial needs is key.

In collaboration with the NGO A21, FAST conducted a baseline survey of shelters serving survivors across Mexico (see *Appendix, 'Baseline Survey on Survivor Needs'*). Eleven shelters operating across Mexico responded to the baseline survey, and a follow-up focus group conversation took place with shelter representatives. The following issues were outlined:

Vulnerability

Of the 11 shelters, the following numbers hosted people from particularly vulnerable groups:

- Youth (16–25 years old): 11
- Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual (LGBTQIA): 2
- Indigenous community (Mexico): 1
- Migrant: 1
- Refugees: 1
- Cannot read or write: 2.

Current Use of Financial Products and Services

Two shelters reported that none of their clients had a bank account. Of the remaining nine shelters, seven stated survivors had a physical bank account in Mexico, two reported survivor use of online banking accounts, and one reported survivor use of physical bank accounts in another country.

No shelter reported that their clients used a mobile payment system or remittance service, although three reported that survivors used a money transfer receiving service.

Two shelters additionally reported that some of their clients used someone else's account to make transactions.

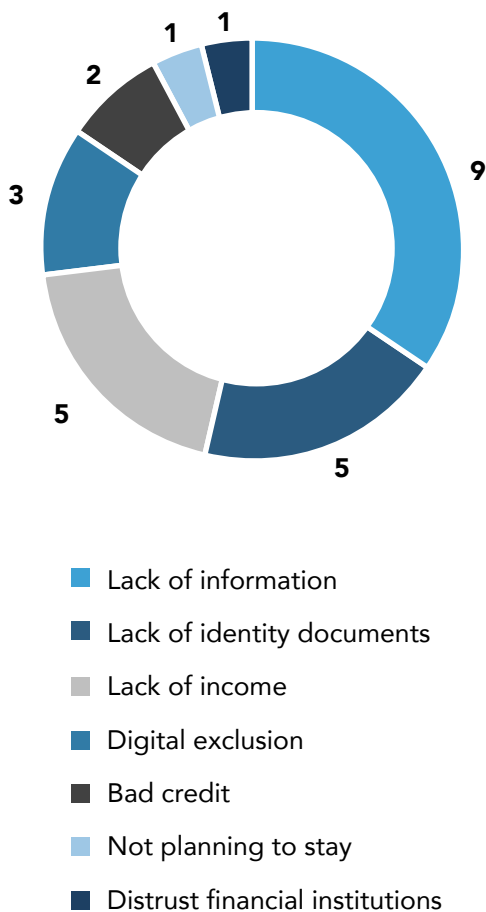
¹⁰ See: Leona Vaughn, "Lessons from Canada's Approach to Extending Financial Access to Survivors of Modern Slavery," UNU-CPR Insight Briefing (New York: United Nations University, 2023). Accessible at: <https://unu.edu/publication/lessons-canadas-approach-extending-financial-access-survivors-modern-slavery>.

Barriers to Financial Access

The most important challenges for survivors in terms of accessing financial products and services reported by shelters are demonstrated in the figure below.

Not knowing what products/services they can access is described as the biggest barrier to financial inclusion for survivors (nine). This was followed by a lack of identity documentation (five), which especially impacted foreign/migrant survivors, a lack of income (five), and not having a phone/laptop/wi-fi to manage transactions (three). The last point was made because devices that connect to the internet are not allowed in shelters. The response of bad credit (two) as a barrier related to survivors' experience of not being able to keep up with purchases of products that are paid for by instalments. No shelter reported challenges to accessing financial products or services due to clients having a criminal record nor was the lack of access to a physical bank nearby seen to be a challenge.

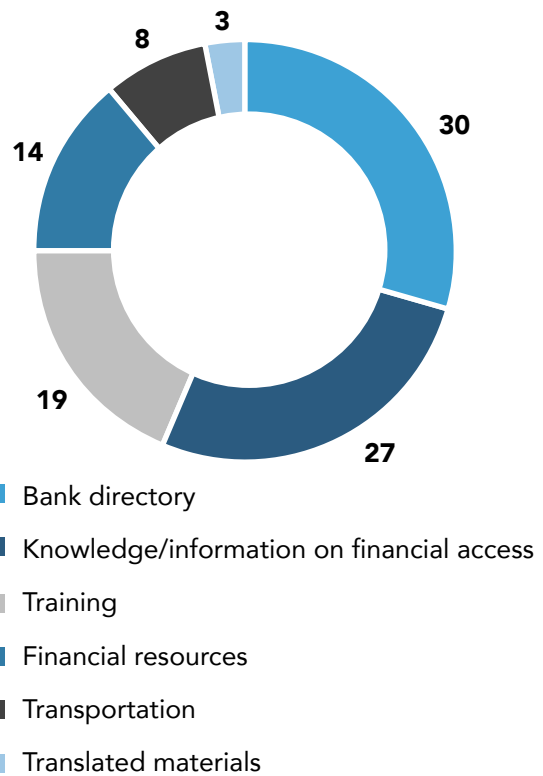
Figure 2: Barriers Preventing Survivor Access to Financial Products and Services



Reducing Financial Access Barriers for Survivors

Only three of the eleven shelters reported already helping survivors to access financial products/services in Mexico. Figure 3 displays the needs that all shelters reported would help them to support survivors gain access to financial products/services in the future.

Figure 3: What Shelters Need to Help Survivors Access Financial Products/Services



Information on what survivors can access and which banks can support them were the primary needs that shelters described. However, shelter representatives also stated that they needed financial access training (seven), financial resources for survivors to open accounts (five), and transportation to take survivors to physical banks (three).

Based on the survey results, a lack of information on financial access was the biggest obstacle to both shelters and survivors. Financial institutions facilitating access to financial services for survivors who do not have specific documents was a clear need, especially in relation to citizenship, so knowledge of survivor rights within the existing banking system would be of assistance. The next step of the pilot intervention was determined to be to provide informational resources to the shelters as a priority.

Pilot Response: Addressing Information Needs

A21 compiled a directory of SSOs operating in the country. This will be shared with the wider working group in order to facilitate direct communication between organizations and financial service providers to respond to the needs of survivors across Mexico.

The CNBV and ABM provided two guidance documents that explain the importance of having a bank account and the AML/CFT requirements to open various accounts under Mexico's tiered banking system (see page 15). These documents were given to shelter representatives to share with their staff and to use with their survivor clients. Separate meetings were also held with shelter representatives to explain the documents and address any concerns.

Next Steps

This FAST-led pilot intervention initiated collaborative work in Mexico specifically for the purpose of financially including all survivors and those at-risk of slavery and trafficking into the tiered categories for financial inclusion

products. The working group continues to identify and respond to the needs of survivors to facilitate financial access across Mexico.

The shelters are now using the resource documents created through this pilot intervention with survivors. The next and final phase of this FAST-led intervention will be for FAST, including a FAST Global Survivor Consultant, to work with survivors and SSOs to evaluate the interventions made so far.

FAST will collect data about account openings to identify any additional obstacles survivors may be facing (lack of financial literacy, problems with identity documentation, etc.). The national working group will consider the findings and then address any obstacles identified through continued interventions with the shelters.

Future national priorities will be for this unique PPP to trial and evaluate these interventions, and any further initiatives. Exploring expansion to other at-risk populations, such as migrant workers, refugees, and displaced persons, would add value to this work. Additionally, considering the intersection of financial inclusion and access to remedy is an aspect of the work that would benefit from attention.¹¹

¹¹ The US State Department *Trafficking in Persons report 2023*, identifies a priority recommendation for Mexico to “[a]locate funds to a legally required victim assistance fund to cover restitution payments convicted traffickers are unable to pay and develop a mechanism to ensure victims receive court-ordered payments.”

Appendix

Mexico: Modern Slavery and Financial Inclusion

The desk-based research showed that, as of 2022, there were an estimated 850,000 modern slavery victims in Mexico.¹² In line with expectations globally, raised levels of poverty and insecurity resulting from the COVID-19 pandemic are anticipated to have increased the number of people in modern slavery. Following the reopening of borders and economic recovery after the pandemic, the National Trafficking Helpline has noted a change in the dynamics of trafficking and recruitment, with the majority taking place in closed spaces (such as hotels and private homes). There has also been an increase in online exploitation.¹³ An estimated 43.9 per cent of the Mexican population in 2020 lived below the poverty line¹⁴ – a major vulnerability to slavery and trafficking.¹⁵

With the largest number of victims of all countries in the Americas, many of whom are trafficked internationally, including into the United States, Mexico has been very active in their work to tackle human trafficking. Mexico enacted the *General Law to Prevent, Punish and Eradicate Crimes in the Area of Human Trafficking and to Protect and Provide Care to Victims of these crimes*¹⁶ in 2012. Mexico has a National Helpline Against Trafficking in Persons, operated by the *Consejo Ciudadano* (Citizen Council) in Mexico City since 2013, and then nationally, in partnership with the US-based NGO Polaris Project, since 2015. *Consejo Ciudadano* manages an online directory of 941 private SSOs operating in Mexico.¹⁷ The country's National Program for Human Rights 2020–2024 includes a chapter on prosecution, protection, and prevention efforts to combat trafficking. The Mexican National Human Rights Commission undertook its most recent

Diagnosis on the Situation of Trafficking in Persons in 2021.¹⁸ It reported that the Attorney General's Office identified a total of 3,896 trafficking victims between 1 August 2017 and 31 July 2021. Of the 78 per cent of victims whose nationality was identified, 93 per cent were Mexican nationals trafficked within the country.¹⁹

The US State Department *Trafficking in Persons* report recognizes that trafficking is a risk for both domestic and foreign populations, with the groups considered most at risk being unaccompanied children, indigenous persons, persons with mental and physical disabilities, asylum seekers and migrants, internally displaced people, LGBTQI+ individuals, informal sector workers, and children in gang-controlled territories. One example of Mexico's response to protecting at-risk groups is a pilot programme to enroll domestic workers in the Government's social security system, which requires employers to formalize their workers' status through a contract. Between April 2019 and November 2020, 27,600 domestic workers enrolled. Additionally, in 2019, Mexico provided humanitarian visas to 60 trafficking victims which enabled them to legally remain and work in the country for up to 12 months with a possibility of extension. Such legal protections make victims who are non-nationals less vulnerable to future exploitation, and this legal status and the associated identification documents are also necessary to access formal financial services.

Mexico has six government agencies which address cases of labour trafficking and sexual exploitation. The Special Prosecutor's Office for Violence Against Women and Trafficking in Persons (FEVIMTRA, by its acronym in Spanish)²⁰ investigates and prosecutes federal crimes; the National Human Rights Commission (CNDH, by its

¹² See: <https://www.walkfree.org/global-slavery-index/map/#mode=data:country=MEX:dimension=p>.

¹³ See: <https://consejociudadanomx.org/media/pdf/9/3ER%20REPORTE%20TRATA%20web%20compressed.pdf>.

¹⁴ See: <https://data.worldbank.org/country/mexico> and https://www.coneval.org.mx/Medicion/MP/Paginas/Pobreza_2020.aspx.

¹⁵ UNODC, *An Introduction to Human Trafficking: Vulnerability, Impact and Action* (New York: United Nations, 2008). Accessible at: https://www.unodc.org/documents/human-trafficking/An_Introduction_to_Human_Trafficking_-_Background_Paper.pdf.

¹⁶ Artículo 10, "Ley General para Prevenir, Sancionar y Erradicar los Delitos en Materia de Trata de Personas y Para la Protección y Asistencia a las Víctimas de estos Delitos, Última Reforma DOF 19-03-2014." See: <http://www.diputados.gob.mx/LeyesBiblio/pdf/LGPSEDMTP.pdf>.

¹⁷ See: consejociudadanomx.org.mx.

¹⁸ "2021 Trafficking in Persons Report: Mexico," *US Department of State*, last accessed 5 February 2024, <https://www.state.gov/reports/2021-trafficking-in-persons-report/mexico/>; and "2023 Trafficking in Persons Report: Mexico," *US Department of State*, last accessed on 5 February 2024, <https://www.state.gov/reports/2023-trafficking-in-persons-report/mexico/>.

¹⁹ Main statistical findings of the *Diagnosis on the Situation of Trafficking in Persons in Mexico*: https://www.cndh.org.mx/sites/default/files/documentos/2021-12/DIAGNOSTICO_TDP_2021.pdf.

²⁰ "Fiscalía Especial para los Delitos de Violencia Contra las Mujeres y Trata de Personas," *Fiscalía General de la República*, last accessed on 5 February 2024, <https://www.gob.mx/fgr/acciones-y-programas/fiscalia-especial-para-los-delitos-de-violencia-contra-las-mujeres-y-trata-de-personas>.

acronym in Spanish)²¹ coordinates between the Federal Government, legal system, and civil society; the National Commission to Prevent and Eradicate Violence Against Women (CONAVIM, by its acronym in Spanish),²² is a body of the Ministry of the Interior that designs national human trafficking policy; the National Institute of Women (INMUJERES)²³ assists female trafficking victims; the National System for Integral Family Development (DIF, by its acronym in Spanish)²⁴ focuses on the protection of adolescents and children by coordinating the National System of Public and Private Social Assistance; and the National Institute of Migration (INM, by its acronym in Spanish)²⁵ serves foreign victims and facilitates voluntary repatriation.

The financial sector in Mexico is also increasingly engaged in the identification of suspicious transactions related to modern slavery and the identification of potential victims. FIU-Mexico of Mexico's Ministry of Finance and Public Credit (SHCP, by its acronym in Spanish) has invested in efforts to identify and address human trafficking issues in the finance sector and signed a collaboration agreement with *Consejo Ciudadano* in July 2020 to collect data from calls that could be used to trace illicit financial activity potentially linked to trafficking crimes.²⁶ The FIU and the National Banking and Securities Commission (CNBV by its acronym in Spanish), one of Mexico's national financial regulators, have also recently developed a guidance document on human trafficking risks to improve understanding of modern slavery and human trafficking in the Mexican financial sector and enhance the implementation of policies, criteria, measures, and procedures aimed at the prevention and detection of financial flows associated with human trafficking.²⁷ Mexico also chairs the Organization of American States (OAS) Group of Experts on controlling money laundering in the region.

Progress on Financial Inclusion in Mexico

In 2018, the World Bank identified financial inclusion as one of Mexico's "foremost development challenges,"²⁸ with only 49 per cent of adults (defined as being over the age of 15) having an account as of 2022.²⁹ The people in Mexico who remain unbanked due to reasons such as, for example, the lack of available financial centres, especially in rural areas, distrust in financial institutions or high banking fees, rely heavily on cash payments and transactions.

Financial access is a top priority for the Government of Mexico³⁰ and efforts have been supported recently by the World Bank's Financial Inclusion Development Policy Financing Project. The goal is for 77 per cent of the Mexican population to hold at least one financial product by 2024.³¹ The National Plan for Financial Inclusion identifies the "limited financial inclusion of vulnerable groups" as a priority, especially in relation to gender, age, indigenous people, and rural communities. One of the key objectives is to "reinforce the identity validation systems to streamline and strengthen security mechanisms in access to financial products."³²

The Mexican anti-money laundering and counter-terrorist financing (AML/CFT) regulation, amended in 2022, allows banks to share statistical information concerning suspicious activity reports (SARs), 24-hour SARs, and internal transaction reports. It also allows sharing of information relating to the circumstances that have been considered when activities are deemed suspicious. Banks are required to detect suspicious account activity; flag or freeze accounts as instructed by the FIU; and can prevent accounts being reopened. However, it is important that implementation takes into consideration enhanced and sensitive monitoring for victims or survivors who may be in a situation of exploitation or re-victimization, wherein their accounts are controlled or abused by their

²¹ See: <https://www.cndh.org.mx/>.

²² See: <https://www.gob.mx/conavim>.

²³ See: <https://www.gob.mx/inmujeres>.

²⁴ See: <https://www.gob.mx/difnacional>.

²⁵ See: <https://www.gob.mx/inm>.

²⁶ See: <https://www.uif.gob.mx/work/models/uif/librerias/documentos/prensa/ConsejoC.pdf>.

²⁷ "La CNBV y la UIF presentan la Guía sobre Flujos Financieros relacionados con la Trata de Personas," *Unidad de Inteligencia Financiera*, 4 March 2021, <https://www.gob.mx/uif/prensa/comunicado-009-la-cnbv-y-la-uif-presentan-la-guia-sobre-flujos-financieros-relacionados-con-la-trata-de-personas?idiom=es>.

²⁸ "Deepening Financial Inclusion in Mexico's Rural Areas," *World Bank*, 2 July 2018, <https://www.worldbank.org/en/results/2018/07/02/profundizar-la-inclusion-financiera-en-areas-rurales-de-mexico>.

²⁹ See: <https://www.worldbank.org/en/publication/globalindex/Data>.

³⁰ National Council for Financial Inclusion, *Mexico Financial Inclusion Strategy 2020–2024* (2016). Accessible at: https://www.gob.mx/cms/uploads/attachment/file/199615/Mexico_s_National_Policy_Financial_Inclusion.pdf.

³¹ *Ibid.*

³² *Ibid.*

trafficker. Closing or freezing their account could have the unintended consequence of making them more vulnerable because they are excluded from mainstream financial services and have to seek alternative options that may put them more at risk of exploitation.

Two reports, the Financial Action Task Force's (FATF) *Mitigating the Unintended Consequences of the FATF Standards*³³ and the World Bank's *Impact of the FATF Recommendations and their Implementation on Financial Inclusion: Insights from Mutual Evaluations and National Risk Assessments*,³⁴ outline how financial sector actions on AML/CTF can exacerbate financial exclusion. In 2019, the FATF formally articulated in its mandate its long-standing commitment to supporting and promoting financial inclusion. The requirement to implement risk-based and proportionate AML/CTF measures was designed to better allocate resources to mitigate risks and minimize financial exclusion.

Financially excluded people are more vulnerable to abuse and exploitation, such as debt bondage.³⁵ This underlines the importance of considering how financial exclusion and modern slavery are interlinked,³⁶ both for improving identification of illicit flows and for increasing financial inclusion for populations most at risk.

Mexico's AML/CTF General Provisions (GPs) of the Financial Institutions (FIs)³⁷ establishes low risk deposit accounts with a risk-based approach to simplified due diligence requirements. These accounts are classified into four different levels of operation under certain restrictions of services. Each level has in place certain safeguards and uses simplified due diligence to increase financial access. Level 1 and 2 basic bank deposit accounts are especially accessible to traditionally excluded groups.

It should be noted that in the *Mutual Evaluation Report (MER) of Mexico - 2018*, the FIU stated that no Level 1 accounts (3.2 million) or Level 2 accounts had been misused for money laundering of terrorist financing (ML/TF).³⁸ This indicates that simplifying due diligence with adequate controls is not a risky practice. Mexico has already established within this tiered customer due diligence, a catalogue of identity documents issued by Mexican authorities that can be used to open a bank account. However, in practice, banks' willingness to accept different types of documentation may depend on their appetite for risk and their line of business.

On 3 March 2022, the Ministry of Finance and Public Credit published in the Federal Official Gazette (DOF, by its acronym in Spanish) amendments to the AML/CTF GPs of the FIs to foster financial inclusion for refugees in Mexico and repatriated Mexican citizens.³⁹ This amendment means that for a Level 2 in-person account opening banks may accept (i) the valid temporary proof of the unique population registration key for repatriated individuals of Mexican nationality, issued by the National Population Registry, and (ii) the official document issued by the National Migration Institute with which individuals of foreign nationality prove their internment or regular stay in the country.

³³ FATF, *Mitigating the Unintended Consequences of the FATF Standards* (FATF, 2021). Accessible at: <https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/Unintended-consequences-project.html>.

³⁴ World Bank, *Impact of the FATF Recommendations and their Implementation on Financial Inclusion: Insights from Mutual Evaluations and National Risk Assessments* (Washington, DC: World Bank, 2021). Accessible at: <https://openknowledge.worldbank.org/handle/10986/36659>.

³⁵ "Survivor Inclusion Initiative," FAST, last accessed on 5 February 2024, <https://www.fastinitiative.org/implementation/survivor-inclusion/>.

³⁶ Gauer Bermudez et al., "Financial exclusion is a primary driver of vulnerability and exploitation," *Global Fund to End Global Slavery*, 2022, <https://www.gfems.org/tag/financial-sector/>.

³⁷ Disposiciones de carácter general a que se refiere el artículo 115 de la Ley de Instituciones de Crédito: https://www.gob.mx/cms/uploads/attachment/file/709513/DCG_Compiladas_Instituciones_de_Credito_08.03.2022.pdf https://www.gob.mx/cms/uploads/attachment/file/709513/DCG_Compiladas_Instituciones_de_Credito_08.03.2022.pdf.

³⁸ FATF, *Mutual Evaluation Report of Mexico* (FATF, 2018). Accessible at: <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-mexico-2018.html>.

³⁹ DOF, LIC, 2022. RESOLUCIÓN que reforma y adiciona las Disposiciones de carácter general a que se refiere el artículo 115 de la Ley de Instituciones de Crédito. Accessible at: https://www.dof.gob.mx/nota_detalle.php?codigo=5644451&fecha=03/03/2022.

Tipos de cuentas Bancarias

De acuerdo con la Circular 3/2012 de Banco de México, existen 4 niveles de cuentas:

Nivel 1 750 UDIS (Aprox. 210 USD) al mes	Nivel 2 3,000 UDIS (Aprox. 2,500 USD) al mes	Nivel 3 10,000 UDIS (Aprox. 2,775 USD) al mes	Nivel 4 Sin límite
<p>Apertura no presencial. Sólo se requiere nombre completo y fecha de nacimiento.</p> <hr/> <p>Apertura en sucursales, comisionistas bancarios, medios electrónicos y cualquier otra persona autorizada por la institución.</p> <hr/> <p>No puedes disponer de recursos a través de transferencias vía móvil</p> <hr/> <p>Medios de acceso: Sucursales, ATM, TPV y comisionistas</p> <hr/> <p>Cobertura Nacional</p>	<p>Apertura presencial: Nombre completo, fecha de nacimiento y domicilio.</p> <p>Apertura remota: Nombre completo, género, entidad federativa de nacimiento, fecha de nacimiento y domicilio. (sujeto a verificación).</p> <hr/> <p>Apertura en sucursales, comisionistas y medios electrónicos.</p> <hr/> <p>Puedes realizar transferencias vía móvil, de acuerdo a los límites del Capítulo X CUB</p> <hr/> <p>Medios de acceso: Sucursales, ATM, TPV, comisionistas, banca electrónica y teléfono celular</p> <hr/> <p>Cobertura Nacional e Internacional</p>	<p>Apertura presencial: Nombre completo, fecha de nacimiento, nacionalidad, domicilio, ocupación, actividad o giro de negocio, número telefónico, correo electrónico, CURP, RFC y número de serie de la FIEL, cuando se cuente con ello.</p> <p>Apertura remota: Geolocalización.</p> <hr/> <p>Apertura en sucursales, comisionistas y medios electrónicos.</p> <hr/> <p>Puedes realizar transferencias vía móvil, de acuerdo a los límites del Capítulo X CUB</p> <hr/> <p>Medios de acceso: Sucursales, ATM, TPV, comisionistas, banca electrónica y teléfono celular</p> <hr/> <p>Cobertura Nacional e Internacional</p>	<p>Apertura presencial: Nombre completo, fecha de nacimiento nacionalidad, sexo, domicilio, ocupación, actividad o giro de negocio, número telefónico, correo electrónico, CURP, RFC y número de serie de la FIEL, cuando se cuente con ello.</p> <p>Apertura remota: Geolocalización.</p> <hr/> <p>Apertura en sucursales y medios electrónicos.</p> <hr/> <p>Puedes realizar transferencias vía móvil, de acuerdo a los límites del Capítulo X CUB</p> <hr/> <p>Medios de acceso: Sucursales, ATM, TPV, comisionistas, banca electrónica, teléfono celular y cheques</p> <hr/> <p>Cobertura Nacional e Internacional</p>

ENGLISH INFORMATION TO EXPLAIN FIGURE ABOVE

Mexico Tiered Banking

Source: Asociación de Bancos de México

- **Level 1** deposit accounts can be opened in person only for naturalized persons, requires minimum identification information (full name and date of birth), and has a maximum account balance and monthly transactions.
- **Level 2** deposit accounts can be opened in person or remotely only for naturalized persons, requires only basic identification, and has maximum monthly transactions.
 - **Information needed (In person):** full name, without abbreviations, and date of birth and address obtained from a **current supporting identification document**. Banks may accept other types of ID documents to open accounts for Mexican teenagers, repatriated Mexican citizens, and refugees.
 - **Information (Remote):** full name without abbreviations, gender, place of birth, date of birth, as well as their address.
- **Level 3** deposit accounts can be opened only in person for naturalized or legal persons, require full identification information obtained from current supporting documentation, and has as a maximum monthly transaction.
- **Level 4** accounts require full identification information and collection of customer documents and have no monthly transaction limit.

Baseline Survey on Survivor Needs

Do the survivors you support identify with any of these groups:

- Indigenous community (Mexico)
- Migrant
- Refugee
- LGBTQIA
- Youth (16-25 years old)
- Unable to read/write

Do the survivors you serve currently use any of these financial products and/or services?

- Bank account in physical bank in Mexico
- Bank account in physical bank in another country
- Bank account with online bank
- Mobile payment system
- Remittance sending service
- Money transfer receiving service
- Budgeting or money management app
- Other:

What type of difficulties have the survivors you work with experienced accessing financial products and services in Mexico?

- Unaware of what products/services they can access
- Lack of identity documentation
- No plans to stay in Mexico
- Lack of income
- Mistrust of financial institutions
- Bad credit
- No accessible/nearby physical bank
- No phone/laptop/wi-fi to manage transactions
- Other:

Does your organization help survivors to access financial products/services in Mexico?

What support would your organization require in order to help survivors access financial products/services?

- more knowledge/information
- training
- a directory of banks who support survivors
- information in other languages
- Other:

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