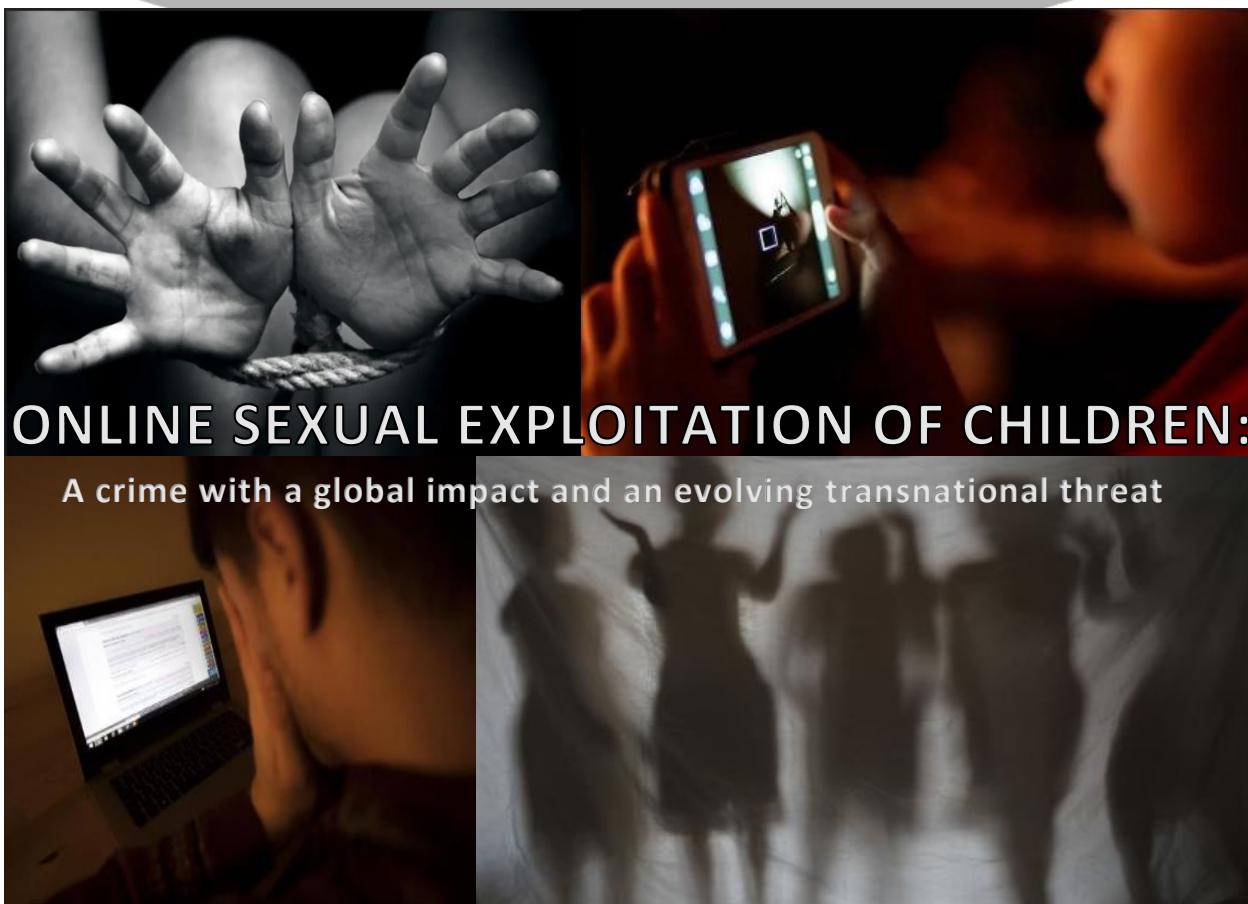




AMLC
Anti-Money Laundering Council

Republic of the Philippines
ANTI-MONEY LAUNDERING COUNCIL



A MONEY LAUNDERING/TERRORISM FINANCING RISK ASSESSMENT

Contents

SECTION I. BACKGROUND OF THE STUDY 4

STATEMENT OF THE PROBLEM 6

PURPOSE OF THE STUDY 6

LIMITATIONS OF THE STUDY 6

SECTION II. IDENTIFICATION AND ASSESSMENT OF OSEC FACTORS 7

Identification, description, and assessment of some of the major factors that contribute and attest to the rapid increase of OSEC cases in the Philippines 7

Identification, description, and assessment of existing regulatory and operational controls against the crime of OSEC..... 25

SECTION III. OVERALL ANALYSIS OF OSEC IN THE PHILIPPINES 26

SECTION IV. CONCLUSION AND RECOMMENDATIONS..... 27

REFERENCES..... 30

**ONLINE SEXUAL EXPLOITATION OF CHILDREN:
A CRIME WITH A GLOBAL IMPACT AND AN EVOLVING TRANSNATIONAL THREAT**

A MONEY LAUNDERING/TERRORISM FINANCING RISK ASSESSMENT

Caveat

*This document aims to assess the Philippines' risk exposure to the crime of **online sexual exploitation of children (OSEC)** or locally known as "child pornography."*

OSEC is considered as one of the progressing transnational issues, which is affecting the domestic populace and which has further worsened because of the COVID-19 pandemic. This paper uses a descriptive approach in gauging the risks associated with the said crime.

This is also designed to guide financial institutions and law enforcement authorities as the document presents financial indicators, triggers, and typologies associated with OSEC as a strategy to assist the financial institutions and law enforcement authorities in identifying and detecting financial transactions that are possibly linked to OSEC.

The indicators and triggers in this document are not intended to be comprehensive and conclusive. Although they are considered helpful indicators and triggers, they may not be present at all times. It must be noted that one must neither be restricted nor limited to the document's list of red flag indicators and suspicious triggers as well as case typologies because the crime of OSEC continues to evolve and progress due to the development of information and communication technology.

If one suspects a certain financial transaction to be associated with OSEC, it is highly encouraged that the said transaction be reported. The presence of indicators, triggers, and mechanisms in the typologies must urge further monitoring, investigation, and reporting.

SECTION I. BACKGROUND OF THE STUDY

As the world struggles against the 2019 coronavirus disease (COVID-19) pandemic, many Filipino children are experiencing a “silent and secret” pandemic—online sexual exploitation or OSEC.¹

The Financial Action Task Force (FATF),² in their recently published document titled “COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses,” states that the pandemic impacts OSEC, following some FATF member-countries’ reports on the increase in the production and distribution of OSEC materials that are mainly for profit. Further, the paper notes that with the closure of schools and with “lockdown” (or “quarantine”) periods, children are increasingly using the Internet, which could lead to an increase in OSEC cases.³ Similarly, the Australian Transaction Reports and Analysis Centre (AUSTRAC)⁴ identified various areas of criminal exploitation, where the financial system may be more vulnerable during the pandemic. One of which is an increase in the risk of OSEC, following travel restrictions.

OSEC continues to be the most disturbing aspect of cybercrime. Child sexual abuse has existed even before the Internet, but the online dimension of this crime has enabled offenders to easily interact online and obtain child sexual exploitation materials (CSEM) in volumes unimaginable a decade ago.⁵ OSEC extends across borders and imbibes long-term impact on the victims as well as on the communities, where the victims reside.

OSEC is "the production, for the purpose of online publication or transmission, of visual depictions (e.g. photos, videos, livestreaming) of the sexual abuse or exploitation of a minor for a third party who is not in the physical presence of the victim, in exchange for compensation (International Justice Mission, 2020)."

The growing number of increasingly younger children with access to Internet-enabled devices and social media allows offenders to have access to children in ways that are not possible in an offline environment. This trend has considerable implications for the modus operandi in OSEC.

OSEC is considered one of the rampant and evolving threats in the Philippines. The United Nations International Children’s Emergency Fund (UNICEF) has even cited that the Philippines has become the global epicenter of livestream sexual abuse trade of children.⁶ The rising number of OSEC cases creates serious challenges for investigations and victim identification efforts of law enforcement agencies. A report by the US-based International Justice Mission (IJM) said that 149 in every 10,000 Internet Protocol (IP) addresses linked to child sexual

¹ OSEC is otherwise known as “child pornography” in the Philippine context.

² FATF is the global money laundering and terrorism financing watchdog. The intergovernmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

³ <https://www.fatf-gafi.org/media/fatf/documents/COVID-19-AML-CFT.pdf>; FBI, 2020

⁴ <https://www.austrac.gov.au/smrs-during-covid-19>

⁵ Europol Internet Organized Crime Threat Assessment (IOCTA) 2018

⁶ https://www.unicef.org/protection/philippines_91214.html

exploitation in 2017 originated from the Philippines, three times higher than the rate of 43 in every 10,000 in 2014.⁷

According to the 2018 Internet Organized Crime Threat Assessment (IOCTA) by the European Union Agency for Law Enforcement Cooperation (EUROPOL), the Philippines remains the most common country where the abuse takes place, mainly because of high Internet connectivity, growing availability of relatively cheap smartphones and tablets, widespread use of the English language, a high number of relatively poor families, and perceptions that do not see livestreaming of child sexual abuse as being in conflict with social norms.⁸

The advancement in information and communication technology facilitates opportunities for sexual exploitation and abuse of children online. Despite the presence of laws against child pornography, trafficking, and cybercrime, the Philippines has become known as a hub of the billion-dollar global child cybersex industry.⁹

COVID-19 pandemic has even worsened this emerging threat/issue in the country. Various news articles and publications state that children are exposed to higher risks of OSEC during the “quarantine” or “lockdown.” The Department of Justice noted that reports of OSEC increased by 264% as the country battles the COVID-19 pandemic.

Another news article¹⁰ published on 29 May 2020 stated that perpetrators of OSEC have exceeded expectations: Not only have their activities increased in frequency, but they have also become much bolder as they penetrate widely used social networks in the Philippines—Facebook and Twitter.

The issue of OSEC necessitates the involvement not only of law enforcement but also the private sector, civil society, and the academe. The Anti-Money Laundering Council (AMLC), the Philippines’ Financial Intelligence Unit (FIU), works closely with the local law enforcement; various industry partners through its Public-Private Partnership Programs (PPPP); and other jurisdictions through international coordination mechanisms, such as the Egmont Secure Web (ESW), to shift from being reactive to becoming proactive in identifying financial transactions that can possibly be associated with OSEC.

In the 2020 Trafficking in Persons (TIP) Report of the United States Department of State, the Philippines has retained its **Tier 1 ranking**, which is the highest ranking a country may attain. To maintain this good standing means that the government continued to make significant efforts and progress in addressing the human trafficking problem in the country that meet the Trafficking Victims Protection Act (TVPA) minimum standards. The Philippines is among four Asian countries with a Tier 1 ranking, alongside Singapore, South Korea, and Taiwan. Only 34 countries across the globe have received this ranking. (<https://pia.gov.ph/press-releases/releases/1046006>)

⁷Online Sexual Exploitation of Children in the Philippines: Analysis and Recommendations for Governments, Industry, and Civil Society (International Justice Mission). https://www.ijm.org/documents/Final-Public-Full-Report-5_20_2020.pdf

⁸ <https://www.europol.europa.eu/internet-organised-crime-threat-assessment-2018>

⁹ Sexual Exploitation and Abuse of Children Online in the Philippines: A review of online news and articles. https://www.researchgate.net/publication/329306576_Sexual_exploitation_and_abuse_of_children_online_in_the_Philippines_A_review_of_online_news_and_articles

¹⁰ <https://opinion.inquirer.net/130242/getting-away-with-child-exploitation>

STATEMENT OF THE PROBLEM

OSEC has been noted as an emerging and constantly evolving threat. This, however, requires further analysis on certain factors behind the rapid increase of OSEC cases in the Philippines; and on existing legislations and platforms that have been crafted to address cases associated with OSEC. Actionable and achievable action plans must be formulated based on the results of analysis of identified factors behind OSEC. Further, there is also a need to identify measures that can help mitigate OSEC and its associated risks.

PURPOSE OF THE STUDY

The study aims to answer the question: “What are the existing and emerging risk issues associated with OSEC?”

The study then focuses on the following objectives:

- 1) To identify, describe, and assess the factors that contribute and attest to the rapid increase of OSEC cases in the Philippines;
- 2) To identify, describe, and assess existing regulatory and operational controls against the crime of OSEC;
- 3) To identify and determine the level of money laundering and terrorism financing risks, if any, associated with OSEC;
- 4) To have an overall analysis of OSEC in the Philippines; and
- 5) To develop and recommend a mitigation strategy that will aid in minimizing associated risks brought about by OSEC in the Philippines.

LIMITATIONS OF THE STUDY

The study focuses on identifying the extent of the risk of OSEC, particularly on its money laundering and terrorism financing impact, if any. Data used in the study are sourced from suspicious transaction reports (STRs) submitted by covered persons or financial institutions; case referrals jointly investigated by the AMLC and law enforcement agencies; intelligence shared by other FIUs; and other open-source articles and related studies.

Limitations in data-gathering encountered during the assessment are supplemented by critical judgment through the application of methodology and procedure consistent with statistical theory.

SECTION II. IDENTIFICATION AND ASSESSMENT OF OSEC FACTORS

II.1. Identification, description, and assessment of some of the major factors that contribute and attest to the rapid increase of OSEC cases in the Philippines

The study aims to provide a deeper understanding of what some of the major factors of the rapid increase of OSEC cases in the country are and how these factors are evolving. The discussion focuses on evaluating the current and emerging threats posed to children in the Philippines from OSEC, which may include the COVID-19 pandemic; the increasing and widespread poverty in the Philippines, which can then be associated and worsened by the pandemic; the emergence of FinTech and technological evolution; the culture of silence; and other potential factors. The study also discusses the existing mechanisms that will attest and prove that OSEC cases are indeed present in the country, such as the existence of STRs; cases investigated and prosecuted, if any; and case typologies.

Based on the study conducted by the AMLC in 2019 on child pornography using STR data, OSEC is identified to be a significant and emerging threat in the country, specifically to the Filipino children. The study also notes that OSEC operations in the country range from local small-scale enterprises to large-scale international organized networks operating inside and outside the Philippines.

According to Filipino government officials tasked with combating the problem, the Philippine child pornography industry is one of the biggest in the world, exceeding USD1 billion a year, where foreign nationals from known offender countries are operating in the Philippines with the assistance of Filipino nationals, who exploit Filipino children for child pornography.¹¹

OSEC cases amid the COVID-19 pandemic

“Secret Pandemic: Online Child Exploitation on the Rise amid COVID-19 Problems” was one of the headlines in a news article published in April 2020.¹² Said article highlighted that the significant increase in the number of OSEC cases occurred when most of the country was placed under quarantine due to the pandemic. A higher percentage of Internet access during quarantine allowed online criminals and sexual predators to exploit more children to satisfy their sexual obsessions.

A new study¹³ released by the IJM noted that Philippine OSEC cases have increased sharply in recent years with parents agreeing to have their children victimized in exchange for money. Additionally, it was noted that the global shutdown because of the COVID-19 pandemic

¹¹ Child Pornography in the Philippines: An Evaluation using STR data, 2015- 2018 (classified)

¹² <https://www.onenews.ph/secret-pandemic-online-child-exploitation-on-the-rise-amid-covid-19-problems>

¹³ Online Sexual Exploitation of Children in the Philippines: Analysis and Recommendations for Governments, Industry, and Civil Society (International Justice Mission, 2020). https://www.ijm.org/documents/Final-Public-Full-Report-5_20_2020.pdf

seemed to drive the increase in the number of OSEC cases, where most traffickers are usually parents or close family members of the children being exploited.¹⁴

Commonly identified triggers of OSEC

The availability of Internet connection in the country partnered with the imposition of community quarantine had led children to spend more time surfing the Internet. This prompted online sexual predators to take advantage of the situation and exploit more children.

Moreover, the economic strain suffered by most families during the slowdown or stoppage of various economic activities during the quarantine have made these families vulnerable to online sexual offenders. The loss of income, restricted movement of children, isolation, increased exposure to online platforms, and the high level of stress and anxiety contributed to the increase in the likelihood of children of being exploited online. Save the Children Philippines refers to this as the “secret pandemic” that affects children in their very own homes.

The Department of Justice (DOJ) notes that reports on OSEC cases rapidly increased by 264% during the quarantine. In a statement, the agency's Office of Cybercrime (OOC) said that the National Center for Missing and Exploited Children (NCMEC) recorded a total of 279,166 cases from its Cyberline Trip Report hotline from 1 March to 24 May, compared with the 76,561 reports recorded during the same period in 2019. The DOJ said that the increase in the NCMEC Cyberline Trip Report may be attributed to the fact that during the imposition of the Enhanced Community Quarantine (ECQ), where strict lockdown was observed in all households, Internet usage surged as people stayed home.¹⁵

Increasing and widespread poverty in the Philippines

The COVID-19 pandemic is an added burden to the increasing and widespread poverty in the Philippines. As previously mentioned, the slowdown or stoppage of most economic activities caused by the quarantine or “lockdown” resulted in an economic strain, making most families vulnerable to online sexual predators. For these families, it is “easy money” that will sustain their needs. Even before the pandemic, however, OSEC has already been prevalent in the country and widespread poverty is seen as one of its major root causes.

A coalition of non-government organizations identified poverty as the main fuel of OSEC cases in the Philippines.¹⁶ The Department of Social Welfare and Development identified poverty as the “major driving factor” for OSEC in the country, stating that most children become victims of their own parents and relatives. They are pushed to doing these acts due to

¹⁴<https://abcnews.go.com/International/wireStory/study-philippines-global-hot-spot-online-child-abuse-70804205>

¹⁵ Online child exploitation reports in PH surge amid Covid-19: DOJ. <https://www.pna.gov.ph/articles/1103852>

¹⁶<https://news.abs-cbn.com/spotlight/12/01/19/poverty-fueling-online-sexual-exploitation-of-filipino-children-ngo-coalition>

[extreme] poverty. Similarly, the Commission on Human Rights (CHR), in one of its published articles,¹⁷ pointed to poverty and poor circumstances as some of the primary reasons why parents resort to peddling their children online. CHR clearly emphasized that the pandemic can worsen OSEC cases due to lockdowns and work stoppages.

An identified trend that may be associated with OSEC is that the demand tends to come from areas where disposable incomes are higher. On the other hand, victimization is more likely to be dominant among communities where there is a high level of poverty or complete destitution.

According to a study¹⁸ on “Webcam Child Sex Tourism (WCST),”¹⁹ child victims are usually from seven (7) to 17 years old and are from extremely poor families, often without a permanent source of livelihood. The income sources from said households are irregular or seasonal, and engaging in WCST (or OSEC) means easy access to money.

Further, one of the findings in another study²⁰ discusses that sex offenders (the customers) tend to be older English-speaking men from developed countries, who have the means to afford and purchase OSEC material. Facilitators (the traffickers), on the other hand, are described to be economically motivated by the need for money. The study describes that although the amounts of money exchanged are sometimes surprisingly low, said amounts are still equivalent to days’ or weeks’ worth of the Philippine minimum wage, which entices the facilitators to engage in OSEC activities.

Emergence of FinTech and technological evolution

UNICEF and the Child Rights Network (CRN) identified various factors in the Philippines that allow easy proliferation of OSEC.²¹ One of those factors is technological evolution. The availability of cheap Internet and smartphones, the wide availability of money remittance centers (international cash transfer systems), the extensive use of the English language, and the emergence of FinTech are brought about by technological evolution. CRN noted that the spike in the reported number of OSEC cases during the COVID-19 pandemic crisis is the “product of emerging and evolving technologies,” which afford perpetrators diversified access to child sexual abuse materials and other forms of child sexual abuse and exploitation in the online realm.

¹⁷ <http://chr.gov.ph/child-rights-advocates-urge-govt-public-dont-forget-child-victims-of-online-sexual-abuse-exploitation-amid-pandemic/>

¹⁸ Fullscreen on View. An Exploratory Study on the Background and Psychosocial Consequences of Webcam Child Sex Tourism in the Philippines (Terre des Hommes, 2013).

¹⁹ WCST is defined as a combination of the concepts of child pornography and child prostitution. The distinction between WCST and the other two (child pornography and child prostitution) is the involvement of predators who live outside of the countries where the victims live. (Webcam Child Sex Tourism. Becoming Sweetie: a novel approach to stopping the global rise of Webcam Child Sex Tourism. [Terre des Hommes, 2013]).

²⁰ Online Sexual Exploitation of Children in the Philippines: Analysis and Recommendations for Governments, Industry, and Civil Society (International Justice Mission, 2020). https://www.ijm.org/documents/Final-Public-Full-Report-5_20_2020.pdf

²¹ <https://rappler.com/newsbreak/ig/things-to-know-online-sexual-exploitation-children-philippines>

According to experts, pedophiles now have an array of mobile and online tools, including social networks, video-sharing sites, and the dark web, to direct and watch child rape and sexual abuse with anonymity.

The culture of silence

The prevailing norm of secrecy or the culture of silence is one of the major factors that allow easy access to OSEC in the Philippines. A culture of silence; the fear of reporting; and taboos against sexuality, reproductive health, and sexual violence with children limit young people’s access to information on protection and prevention mechanisms that may limit their risk of exposure to OSEC.

Children, who are victims of OSEC, tend to be silent not only because of fear of reporting but due to shame and stigma when it comes to sexual abuse, as well as physical and psychological abuse by family and close family associates. Most victims at a young age are led to believe that what they are doing is right or acceptable, since these “acts” provide income.

Moreover, a misconception that circulates in the community is that if a child is not physically touched, it is not exploitation or abuse, since the “acts/deeds” are done online.

Existence of typologies and suspicious transaction reports

The AMLC Study (Child Pornography in the Philippines: An Evaluation using STR Data), conducted in 2019.

The AMLC’s study shows an increasing trend in the submission of STRs from 2015 to 2017. Figure A and Table A show some of the statistics from said study.

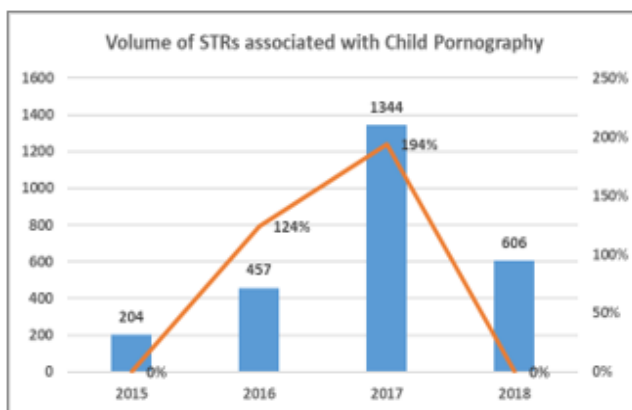


Figure A. Yearly volume and increase of STRs associated to Child Pornography

Year	Total Number of STRs associated with Child Pomography	Total Amount (in PhP)
2015	204	1,414,134.09
2016	457	4,120,715.00
2017	1,344	6,923,425.18
2018	606	659,090.05

Table A. Yearly volume and amount of STRs associated to Child Pornography

Said study identifies some of the common indicators that possibly associates one transaction to OSEC, using the STRs received from 2015 to 2018. The top locations, where beneficiaries claim the funds as well as the countries of the senders of funds, were also identified.

Based on its key findings, the study recommends the following:

- Increased awareness on the crime of OSEC;
- Proactive information-sharing among law enforcement agencies and relevant offices; and
- Close partnerships among FIUs.

2019 and 2020 (January to June) STRs

Figure B shows the updated year-on-year volume of STRs received from 2015 to June 2020. The significant increase in the number of STRs from 2018 to 2019 until June 2020 is evident in Figure B. Said increase in suspicious transaction reporting can be attributed to the awareness of the covered persons. Covered persons, majority of which are money service businesses (MSBs), have become proactive in reporting suspicious transactions, which can be attributed to the AMLC sharing its study on child pornography. Moreover, various awareness campaigns spearheaded by AMLC, other law enforcement agencies, and private organizations also contributed to the increase in STR submissions.

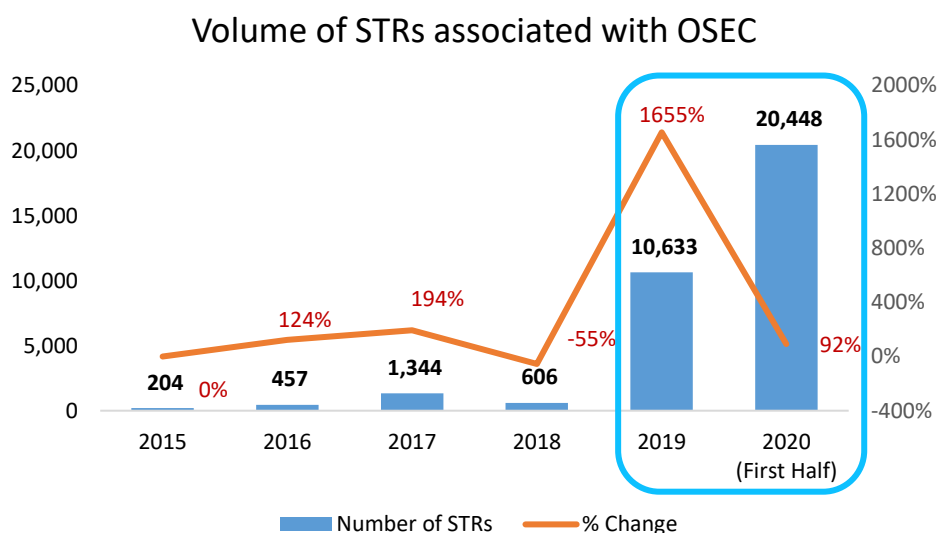


Figure B. Yearly volume and increase of OSEC-related STRs **received** from 2015 to 1 June* 2020 (as of run date 4 June 2020)

The COVID-19 effect

Corollary to several news reports about the increasing number of OSEC cases in the Philippines brought about by the pandemic, a surge in the number of STR submissions is observed for the months of March and May 2020, with 5,512 and 5,634 STRs reported, respectively. This is compared with 110 and 597 STRs, during the same period in 2019 (as shown in Tables B and C). Similarly, the noted surge in the number of STRs for January and February 2020 can also be linked to the pandemic in conjunction with the efforts of the AMLC, other relevant agencies, and the private sector in spreading awareness on OSEC. The Philippines also began recording COVID-19 cases during these months. Meanwhile, COVID-19

cases were already escalating in offenders’/predators’ countries²² (e.g. European countries, etc.). There were also voluntary travel restrictions both locally and abroad as to predators/offenders countries as well as to the trafficker/facilitators and victims here in the country.

Month	YEAR					
	2015	2016	2017	2018	2019	2020
January	89	-	-	24	34	3,323
February	27	32	74	13	103	3,088
March	11	102	24	-	110	5,512
April	66	-	2	-	-	2,476
May	-	18	6	-	597	5,634
June	-	2	-	-	134	415*

Community Quarantine (CQ) Period, including 1 to 14 March 2020

Table B. Volume of STRs received for the first half of the year for the years 2015 to 2020

*As of 04 June 2020

Timeliness of the submission²³ of STRs related to OSEC is also assessed during the COVID-19 crisis period. For the purpose of the study, on-time reporting shall consider STRs filed within the prescribed period under the 2018 Implementing Rules and Regulations (2018 IRR), as amended, and AMLC Registration and Reporting Guidelines (ARRG).

Month	On-Time Reporting			Late Reporting			Total		
	2019	2020	Difference	2019 (% of monthly total)	2020 (% of monthly total)	Difference	2019	2020	Difference
March	5	2,873	2,868	105 (95%)	2,639* (48%)	2,534	110	5,512	5,402
April	-	2,209	2,209	-	267* (11%)	267	-	2,476	2,476
May	14	4,253	4,239	583 (98%)	1,381* (25%)	798	597	5,634	5,037
June*	5	107	102	129 (96%)	308** (TBD)	179	134	415	281

Table C. On-time and late reported OSEC-related STRs for 2019 and 2020, March to June period

*The reporting period considered AMLC issuances on extending the submission of STRs pursuant to the Philippine government’s declaration of non-working days due to the imposition of the ECQ amid the COVID-19 crisis.

**As of run date 4 June 2020, and thus, late reporting is inconclusive for this month.

²² <https://www.ecdc.europa.eu/en/novel-coronavirus/event-background-2019> and <https://www.devex.com/news/covid-19-a-timeline-of-the-coronavirus-outbreak-96396>

²³ The 2018 Implementing Rules and Regulations of the AMLA (2018 IRR), as amended, allow covered persons to report to the AMLC all suspicious transactions within the prescribed reporting period of five (5) working days from the occurrence thereof. On 1 February 2020, the amendments to the 2018 IRR took effect which mandates covered persons to promptly file STRs within the next working day from the occurrence thereof, which for the purposes of the Rule, shall be the date of establishment of suspicion or determination of the suspicious nature of the transaction.

Table C shows the comparison between on-time and late reported STRs for 2019 and 2020, covering the period 1 March – 4 June. A notable increase in the number of STRs is seen from 2019 to 2020 in the specific period for both on-time and late reported STRs. STRs are considered as reported on-time if the difference between the transaction date (date when the transaction was executed) and the upload date (date when the covered person reported the transaction as suspicious) is within the prescribed reporting period of the AMLA, as amended, otherwise it is categorized as a late reported STR.

Note:
It should be noted that relative to the Presidential Proclamation imposing the Enhanced Community Quarantine (ECQ) from 17 March 2020 to 15 May 2020 as well as the Modified ECQ from 16 to 31 May 2020, which suspended daily work and business operations, the AMLC issued advisories on non-working days and, thus, extending the period of submission of STRs. There may be more STRs to be filed/submitted in view of the said suspension.

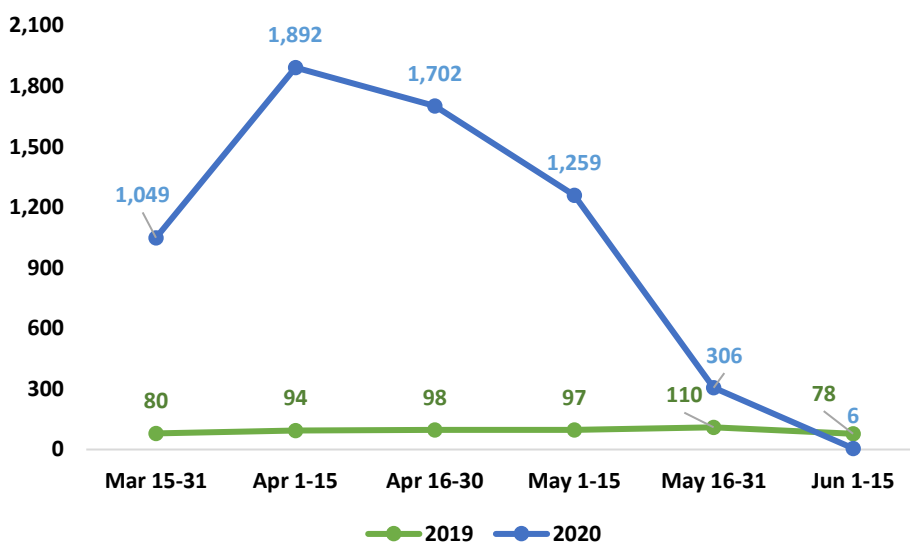


Figure C. Comparison of the volume of OSEC-related STRs **transacted** during CQ period^{a/} vis-à-vis same period for 2019
^{a/} as of run date 4 June 2020

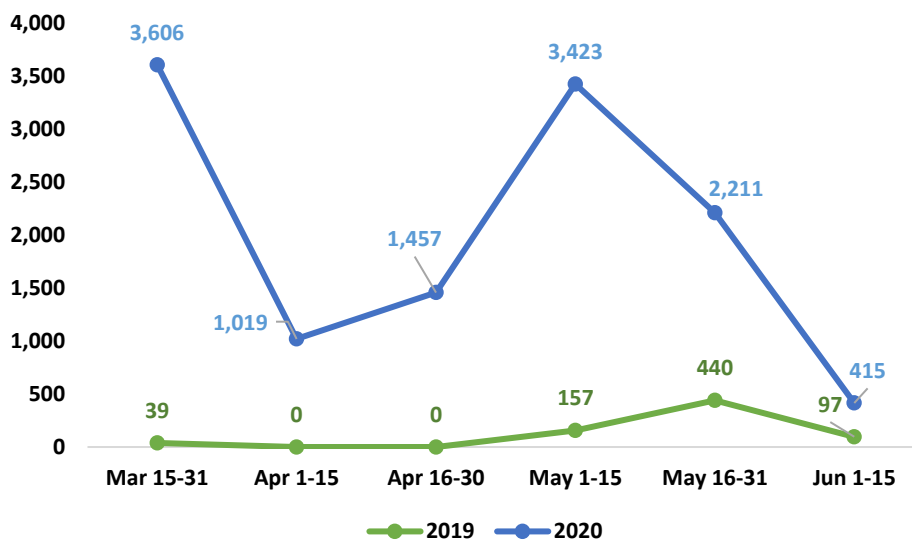


Figure D. Comparison of the volume of OSEC-related STRs **uploaded** during CQ period^{a/} vis-à-vis same period for 2019
^{a/} as of run date 4 June 2020

Figures C and D illustrate the volume of OSEC-related STRs uploaded (or received) and transacted during the community quarantine (CQ) period vis-à-vis the same period for 2019. It should be noted that transacted²⁴ STRs refer to transactions that occurred within the said timeframe, while uploaded²⁵ STRs are transactions reported by covered persons for said timeframe, which also include late reported²⁶ STRs.

Figure C shows that there were thousands of OSEC-related transactions noted from 15 March to 15 May 2020, totaling 5,902 transactions compared with the 369 transactions transacted during the same period in 2019. Moreover, a total of 11,716 transactions were uploaded and received from 15 March to 31 May 2020 compared with the 636 transactions for the same period in 2019.

Comparing percentages of late reported 2019 and 2020 STRs (Table C), improvements in the OSEC-related STRs are observed from covered persons, during the March to mid-May CQ period. This may show proactive reporting of covered persons amid the early period of the COVID-19 crisis.

The financial dimension

In impoverished communities, livestreaming offers a financial incentive for criminal networks, which creates a commercial element for OSEC. The creation of business models in relation to this activity, where offenders pay to view OSEC material via livestreaming, means that there is a financial dimension to this activity in the form of payments and profits. The emergence of the COVID-19 pandemic has caused an increasing demand for this commercialization because of the “financial incentive” it provides, especially to those who are in great need of money.

The following financial indicators, suspicious triggers, and case typologies may be able to provide a picture regarding the characteristics of this crime. Said indicators, triggers, and typologies are the products of an extensive analysis of various financial transactions that are suspected to be linked to OSEC.

It must be noted that the indicators in this document are not intended to be comprehensive and conclusive. Although they are considered helpful indicators, they may not be present at all times. It must be noted that one must neither be restricted nor limited with the list of red flag indicators and suspicious triggers as well as case typologies incorporated in this document because the crime of OSEC continues to evolve and progress due to the development of information and communication technology. If one suspects that a certain financial transaction is associated with OSEC, it is highly encouraged that the said transaction be reported.

²⁴ Using Transaction Date as reference date

²⁵ Using Upload Date as reference date

²⁶ If the difference between the transaction date and the upload date is greater than 60 days

Value range of funds received by suspected facilitators

In a simple modus operandi of an OSEC case, there is a remitter (or the offender) involved, who is usually male (in some cases, female) from another jurisdiction and who remits low-dollar (approximately USD200²⁷ and below) transactions with multiple non-familial counterparties located in the country. This indicator may answer the question: How much money is really involved in OSEC cases?

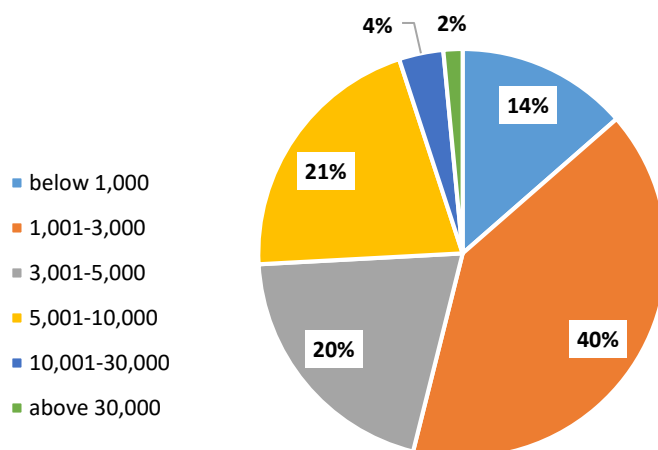


Figure E. Range of amounts of funds (in PhP) per transaction for the period 2015 to 1 June 2020

Figure E illustrates the range of amounts of funds per transaction associated with OSEC for the years 2015 to June 2020. It is shown in Figure E that 81% of the amounts of the transactions are between PhP1,000 and PhP10,000.

During COVID-19

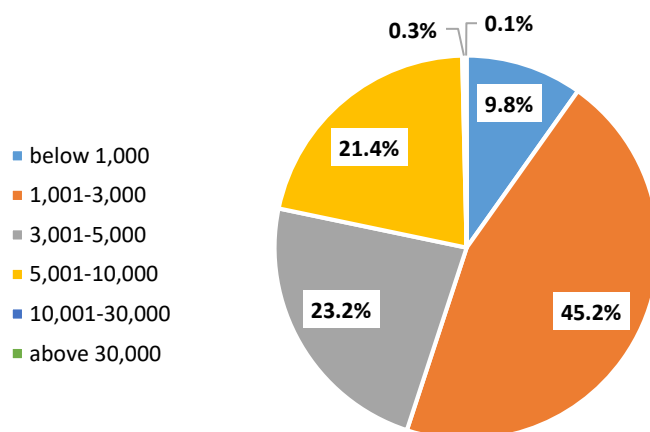


Figure F. Range of amounts of funds (in PhP) transacted from 15 March to 1 June 2020

²⁷ Equivalent to PhP10,000 and below (using the exchange rate 1USD=50PhP)

During the COVID-19 pandemic, similar percentages were observed. About 45% of the transactions fall under the range of PhP1,001 to PhP3,000, while about 44% of the transactions have amounts between PhP3,000 to PhP10,000.

Period	2019			2020**		
	Amount (in PhP)	Volume of STRs	Average Amount per Transaction	Amount (in PhP)	Volume of STRs	Average Amount per Transaction
Mar 15-31	418,383.91	80	5,229.80	3,773,589.04	1,049	3,597.32
Apr 1-15	526,339.47	94	5,599.36	6,169,354.22	1,892	3,260.76
Apr 16-30	517,578.62	98	5,281.41	5,530,218.99	1,702	3,249.25
May 1-15	623,180.27	97	6,424.54	4,368,973.34	1,259	3,470.19
May 16-31	634,870.31	110	5,771.55	976,217.41	306	3,190.25
Jun 1-15	347,177.04	78	4,450.99	- *	6	-
Jun 16-30	400,835.04	88	4,554.94	- *	-	-

Table D. Summary of OSEC-related STRs **transacted** during the CQ period versus the same period for 2019

*Amount yet to be determined

**As of run date 4 June 2020

Table D shows the summary of OSEC-related STRs transacted during the CQ period as compared with the same period in 2019. There is a significant increase in the amount and volume of OSEC-related STRs, during the CQ period. The average amount per transaction, however, is lower during the CQ period compared with the same period in 2019. With the said figures, the high volume of STRs during the CQ period can be associated with a high demand for OSEC materials (on the side of sex offenders or predators), while on the side of OSEC traffickers or facilitators, there appears a need for money. The said observation can be interconnected with factors brought about by the pandemic, such as travel restrictions due to lockdowns, giving more time for sex offenders to surf the web and prey on minors; and the need for money due to work stoppage, causing parents or older relatives of the victims to find income via the Internet.

Taking into account transaction activities during the COVID 19 crisis, the estimated value of OSEC-related STRs during the CQ period increased by almost 800% compared with the OSEC-related STRs transacted in the same months of the previous year. Consequently, suspicious transactions increased by over 1,200%. Most of the transactions occurred in April 2020; thus, this month is seen as the peak of the OSEC activities, following CQs and lockdowns.

Industry sector/preferred financial channels

This indicator will attempt to answer where payments or funds linked to OSEC are channeled. Majority of the STRs, covering the period 2015 to 2018 (about 60%), were transacted and reported by MSBs. Similarly, majority of the STRs, received for 2019 and the first half of 2020, were transacted and reported by MSBs.

	2015 - 2018		2019		2020**	
	Number of STRs	% share	Number of STRs	% share	Number of STRs	% share
MSBs	1,572	60.2%	10,397	97.8%	20,245	99.0%
Banks	920	35.2%	231	2.2%	203	1.0%
Others*	119	4.6%	5	0.0%	-	0.0%

*Others include other financial institutions, such as insurance, financing, and brokerage firms

**Covers January to 4 June 2020

Table D. Breakdown of STRs (OSEC related) per financial channel covering the three periods

Statistics show that MSBs are used more often than banks in moving funds intended for OSEC. Basically, it provides a picture that majority of offenders coursed their payments through MSBs, thus, allowing majority of the suspected facilitators to claim funds through the same financial platform.

During the pandemic

	March 2019	March 2020	April 2019	April 2020	May 2019	May 2020	June 2019	June 2020
	MSBs	110	5,512	-	2,474	593	5,634	87
Banks	-	-	-	2 ²⁸	-	-	47	-
Others*	-	-	-	-	4	-	-	-

*Others include other financial institutions, such as insurance, financing, and brokerage firms

Table E. Comparison of the number of STRs (OSEC related) reported per channel during the quarantine period (including 1 to 14 March 2020) vis-à-vis the same period in 2019

Table D shows the number of STRs received by the AMLC from the MSB sector, the banking sector, and others, covering the start of the CQ in 2020 vis-à-vis the same period in 2019.

It can be observed that MSBs are proactive in reporting suspicious transactions that can be possibly be related to OSEC, although MSBs appear as the most preferred financial channels used by both online sexual offenders and suspected facilitators. Possible reasons for this approach are:

- a. Stringent controls of the banking sector, particularly the know-your-customer (KYC) measures. Criminals avoid strict measures, which is possibly why offenders prefer not to use the banking system; and
- b. Accessibility of MSBs. MSBs are visible in most areas, including remote rural locations. This allows easy access to facilitators and offenders to financial institutions.

A certain money transfer (company XY) emerged as the most commonly utilized correspondent institution, where money is channeled into to the Philippines based on the 2020 OSEC-related STRs transacted during the CQ period. On the other hand, local money remittance company (company AB) is the preferred institution for channeling OSEC-related funds during the same period in 2019.

²⁸ It should be noted that these STRs were uploaded in April 2020 but were transacted in May 2018 relative to the alleged involvement of a certain foreign bank as a correspondent bank for some transactions involving online sexual abuse and exploitation of children.

Existence of cases investigated and prosecuted

Child exploitation cases are handled with extreme caution and thoroughness as these cases involve complex networks and multiple parties, which may be a whole neighborhood. In 2019, the AMLC facilitated the Target Intelligence Packaging (TIP) case conference/workshop with select law enforcement authorities.

2019 TIP with local law enforcement authorities

The AMLC and select law enforcement agencies conducted a subject targeted packaging/case conference in September 2019. The purpose of the TIP was to identify potential persons of interest (POIs) involved in child trafficking and exploitation.

The group initially worked on the AMLC's strategic study, using 1,505 STRs on child exploitation and 793 STRs on human trafficking with 147 suspected facilitators, who are based in the Philippines, and 448 offenders, who are mostly foreign nationals. Said case conference resulted in the identification of additional 699 POIs by law enforcement authorities. These POIs were referred to the AMLC for parallel money laundering investigations.

Existing money laundering cases and investigations

From January to July 2020, amid the COVID-19 pandemic, the AMLC investigated seven (7) money laundering cases predicated on child exploitation referred by several law enforcement agencies and other FIUs. Five (5) of these seven (7) cases involved 533 subjects of investigation and about PhP17 million worth of illegal funds. Financial institutions used in the transactions were mostly MSBs, and, in some cases, e-money transfer facility and banks.

Further, money laundering investigations also show the transnational scope of OSEC as it involves the sexual offenders and facilitators from Australia, Norway, USA, United Kingdom, Colombia, Romania, Pakistan, South Africa, India, and Philippines.

In Figure G, linking the money laundering investigations with existing STR data shows the countries/states that are allegedly involved in OSEC. Figure H represents January to June 2020 STR data, which includes data during the COVID-19 pandemic. Figures G and H both show the extent of OSEC, regardless of the country's situation. Thus, this may support the article²⁹ that described OSEC as a "secret pandemic."

²⁹ <https://www.onenews.ph/secret-pandemic-online-child-exploitation-on-the-rise-amid-covid-19-problems>

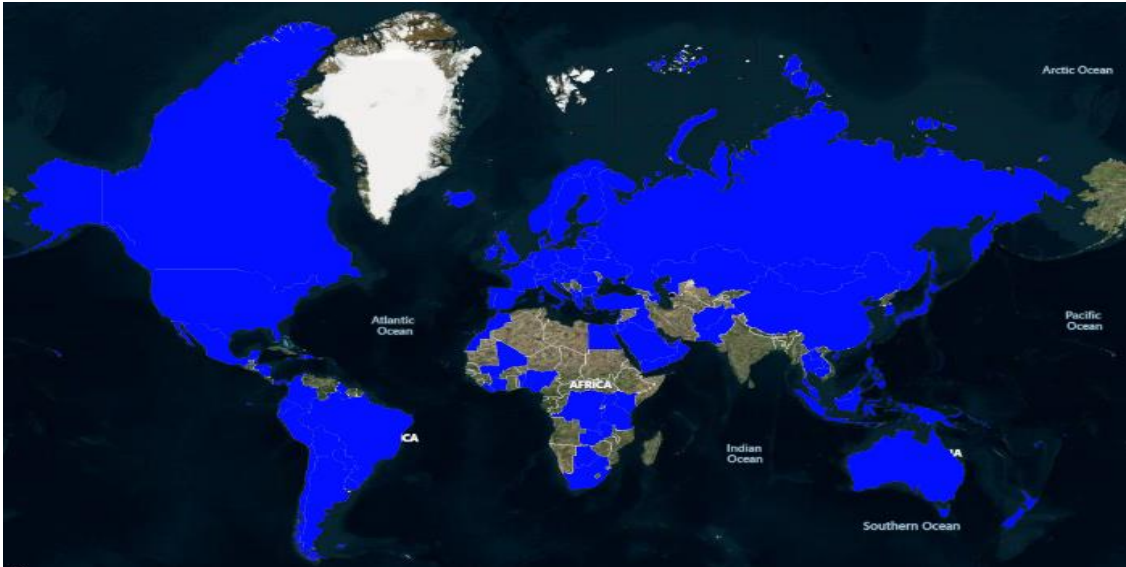


Figure G. Map showing countries/states that are allegedly involved in OSEC, based on the captured addresses of correspondent banks as reported in the STRs from **2015 to June 2020**

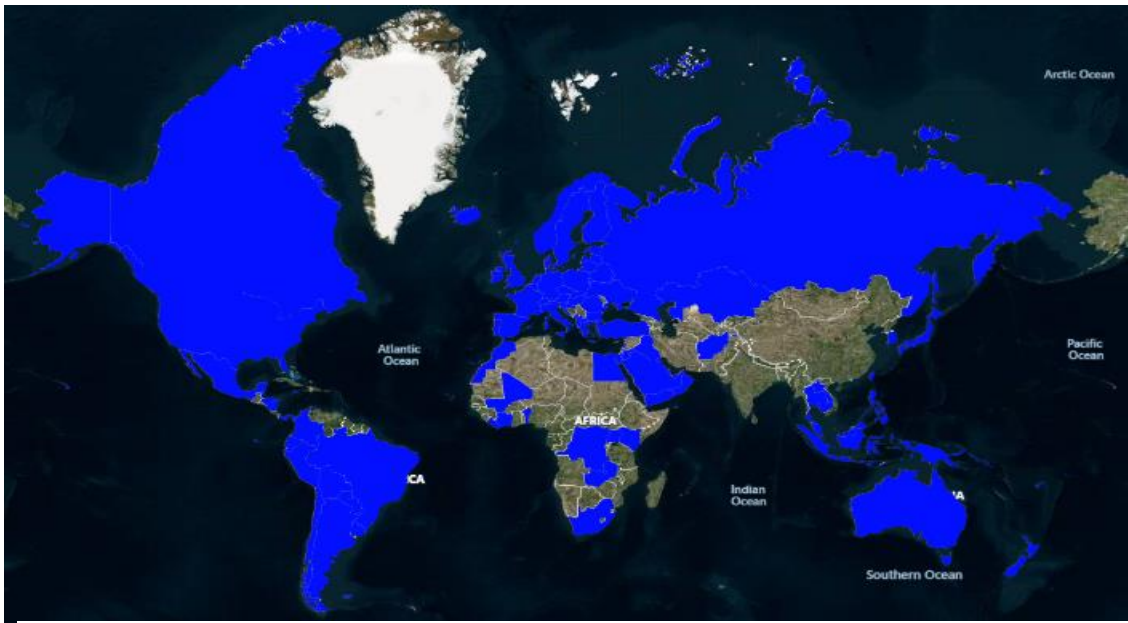


Figure H. Map showing countries/states that are allegedly involved in OSEC, based on the captured addresses of correspondent banks as reported in the STRs from **January to June 2020**, when the COVID-19 pandemic happened

Case typologies

The following typologies show various ways of how financial transactions associated with OSEC are carried out and how law enforcement investigates the crime, using financial transactions.

Case typology 1

A private, non-profit organization, ABC, first became aware of the file (video) in November 2019. Based on initial investigation, the video depicts a prepubescent female playing with herself after undressing in front of a camera, while being filmed by a suspected adult female, who is not seen in the video. Another girl also appears in the video, holding a sign that reads "SEPT xx, 20xx" while fully nude. The video was said to be recorded in a residential setting with several folded cardboard boxes, including one on the floor for a "58 inches LED TV," numerous cleaning supplies, and a red-and-pink patterned tile floor. A female voice is also heard in the video, speaking in a Filipino local dialect.

During the video, the following texts appear:

- *"Camshow available"*
- *"Personal video available"*
- *"Available for camshow"*
- *"video on demand"*
- *"only gentlemen with good economy. Kinky is not a problem"*
- *"4k or 1080p high quality. This is just a low quality demo"*

Person A was linked to livestream abuse, using a certain site philippinexxx@xxx.pro. A January 2019 post advertising a Filipino adult female for sale, along with her five (5)-year-old daughter, for marriage to males from Western Europe, USA, and Australia for EUR35,000 was seen using the said email. All payments were transacted via an MSB, XYZ. One of the identified counterparties in the said payments is Person B, age 41, who is a suspected sex offender from Country N.

Case typology 2

Person R, from Country N, is suspected to be involved in OSEC activities based on his reported financial activities, showing relatively small payments being made to Person T, a Filipino national. Open source search showed that Person R owns an indoor climbing gym and uses his position as well as alcohol and gifts to seduce young boys. Person R was found guilty for sexual abuse and was sentenced to jail for 12 years.

This case was referred by the FIU of Country N via the Egmont Secure Web to the Philippines' FIU. The amount involved totaled approximately PhP144,000. Aside from Person R, Person T also received money amounting to PhP14,500 from three (3) foreign nationals (from Countries G, U, and A). All funds were coursed through banks and MSBs. Said case has already been shared with a local law enforcement agency.

Case typology 3

Person J from Country U is accused of sending money to underage girls in the Philippines in exchange for nude photos and videos of themselves. In March 2020, an underage girl, daughter of Person H, was rescued. Based on the investigation, however, it was noted that the rescued girl was the one who had a direct connection with Person J. The rescued girl sent lewd photos and videos of herself without the knowledge of Person H. The girl told her mother, H, that the funds were from an educational sponsor in Country U. No case was filed against Person H.

Person H received eight (8) remittances from Person J, totaling PhP38,700. Person H also received various remittances from four (4) other foreign nationals, totaling PhP50,000. All remittance transactions were coursed through MSBs.

Said case was shared with a local law enforcement agency.

Case typology 4

In October 2019, an operation conducted by a local law enforcement agency resulted in the arrest of Person A and Person B for offering livestreamed sex shows, involving children. Also, the local law enforcement agency was able to rescue seven (7) minor victims on OSEC. It was believed that Person A received two (2) remittances, totaling PhP900. Said transactions were course through a local MSB.

Case typology 5

In October 2019, an operation conducted by a local law enforcement agency resulted in the arrest of Person E for offering sexually explicit materials of her 12-year-old daughter. Person E is believed to have received two (2) remittances, totaling PhP3,800 for a certain Person A. Person A, on the other hand, is from Country A and was arrested in his country for allegedly procuring, possessing, soliciting, and transmitting child abuse images. Said funds were coursed through MSBs.

Case typology 6

Person P, a foreigner, has been identified to be the sender of numerous payments to Person C, a Filipino national, to arrange and engage in the sexual abuse of children. The payments were traced and identified through a Skype chat between Person P and Person C. It was known that from August 2011 to February 2019, Person C received 582 transactions via MSBs and electronic money issuers (EMIs), which totaled PhP1.09 million. The investigation on Person C is ongoing.

Case typology 7

The FIU received a referral from a Philippine law enforcement agency on three (3) Filipino citizens and eight (8) foreign nationals for alleged involvement in trafficking in persons and child pornography. Respondents were operating a cybersex den in Region VII and recruiting minors to engage in pornographic acts. In 2014, the Metropolitan Police in Country U seized and confiscated computers, tablets, cellphones, cameras, hard drives, and DVDs, containing indecent images and videos of Filipino children, in the possession of foreign national, Mr. C. The videos showed Filipino children being sexually/physically abused by Mr. C and adult Filipino females. Documents also showed several money transfers to three (3) Filipino citizens. The funds were traced to have originated from Country U and Country C and transferred to the Philippines through two (2) remittance agents and one (1) local bank, averaging PhP212,000 per money transfer. Total detected amount is PhP2.38 million, involving various remittances and cash deposits, and PhP2.06 million worth of withdrawals. The findings resulted in the issuance of a freeze order, petition for civil forfeiture, and the filing of a money laundering case against the respondents in 2016.

Case typology 8

The FIU received a referral from a Philippine law enforcement agency on two Filipino citizens for alleged involvement in trafficking in persons and child pornography. Respondents were operating a cybersex den in Region III and recruiting minors for employment. The live sex shows were streamed online via a website operated/controlled by the respondents, where each employee has an account that they use to communicate with and collect payment from their foreign "chatmates." The operators of the website, in turn, pay their employees through cheques, which are then deposited to their Philippine bank accounts. The funds were traced to have originated from Country U and deposited to a bank account in the Philippines, averaging USD270 per deposit. The findings resulted in the filing of a money laundering case against the respondents in 2017.

Case typology 9

The FIU received a referral from a Philippine law enforcement agency on a foreign national (Mr. JE) and a Filipino citizen (Ms. GD) who were charged with Qualified Trafficking, Child Pornography, and Cybersex. Mr. JE was also charged with Possession of Child Pornography and conspiracy to commit Child Pornography. Mr. JE, a citizen of Country A, and Ms. GD were operating a cybersex den in Region VI and recruiting minors to engage in pornographic acts. During the third quarter of 2018, the Metropolitan Police, through the implementation of search warrants, seized and confiscated the following documents pertaining to Mr. JE: passport, certification from the Bureau of Immigration, and assorted pieces of personal documents, including financial documents, such as passbooks, deposit slips, receipt of confirmation of insurance, and alien certificate of registration. The following gadgets were also seized and confiscated: laptops, cellphone, Wi-Fi router, various SIM cards, pocket Wi-Fi, iPod, and several USBs. The initial onsite forensics conducted by the Metropolitan Police showed that there were multiple child pornography items found in the seized gadgets.

In addition, a foreign company that operates a worldwide payments system reported Mr. JE to the FIU of Country A for a suspected purchase of child pornography content. The said content was purchased through sellers of subscription to a website known to contain child pornography images and videos. Mr. JE has also transferred funds to 12 Philippine-based individuals, majority of which are females, for the stated purpose of supporting family and friends. The nature of these relationships, however, remains unknown. There is a high probability that the funds are payments to the families of victims recruited by Mr. JE and Ms. GD. The predicate offense investigation on the respondents, Mr. JE and Ms. GD, is ongoing.

Common red flag indicators and suspicious triggers

The following are some of the common red flag indicators and suspicious triggers that may aid financial institutions in detecting financial transactions that can be associated with OSEC. These indicators and triggers are extracted and gathered from STRs and from various reports of other FIUs and other international groups/organizations.

a. A beneficiary,³⁰ located in the Philippines, receives remittances from multiple non-familial senders, usually male, located abroad, mostly in Western and Middle Eastern countries. The amount of remittances received are usually under PhP10,000 within a 30-day period or less. Said payments

³⁰ A beneficiary is the individual who receives the remittance sent by a suspected sex offender and can possibly be a suspected facilitator.

or transactions have no regular pattern due to the opportunistic nature of the offending;

- b. A remitter, usually a male from a Western or Middle Eastern country, conducts low-dollar (PhP10,000 and below) transactions with multiple non-familial counterparties located in the Philippines and/or other Asian Pacific nations;*
- c. Payments are made in favor of the beneficiaries located in the Philippines with whom the remitter has no legitimate/questionable relationship to the beneficiary. Remitters/offenders are unlikely to have work or family links to the countries where they are sending the funds;*
- d. Beneficiaries are under investigation of law enforcement for being suspected facilitators of online sexual exploitation of children;*
- e. Beneficiaries transacting with individuals who are known sex offenders from another country;*
- f. The age gap between the sender and the beneficiary is usually more or less 35 years;*
- g. Details of the transactions or payments may include, but not limited to, the following: education, school, uniform, medical bills, gift, etc;*
- h. Facilitators may purchase online tools or software to support online streaming and/or enhance images and video creation;*
- i. International remittances/transfers and/or deposits of money into accounts, which are then immediately withdrawn;*
- j. Multiple victims sharing bank account information, i.e. address, phone number;*
- k. Deviations of customer account activity; and*
- l. Transactions on websites linked to sex trafficking of children.*

II.2. Identification, description, and assessment of existing regulatory and operational controls against the crime of OSEC

The discussion under this objective focuses on the defense mechanisms available in the country to combat OSEC, such as regulatory oversight and controls in place. This portion also takes into consideration the vulnerabilities that can be potentially abused or exploited for OSEC.

Existing legislations

The following are the existing legislations, which are applicable in addressing and mitigating OSEC cases in the Philippines:

- 1) Republic Act (RA) No. 10175, otherwise known as the “Cybercrime Prevention Act of 2012”;
- 2) RA No. 9208, otherwise known as the “Anti-Trafficking in Persons Act of 2003, as amended”;
- 3) RA No. 9775, otherwise known as the “Anti-Child Pornography Act of 2009”;
- 4) RA No. 9995, otherwise known as the “Anti-Photo and Video Voyeurism Act of 2009”;
- 5) RA No. 7610, otherwise known as the “Special Protection of Children against Abuse, Exploitation and Discrimination Act”;
- 6) RA No. 9262, otherwise known as the “Anti-Violence Against Women and Their Children Act of 2004”;
- 7) United Nations (UN) Declaration on the Rights of the Child.

In a news article dated February 2020,³¹ CRN³² stated that the abovementioned laws failed to protect the children from OSEC. Said failure is evidenced by the alarming increase of foreign perpetrators and involvement of family members in trafficking their children.

CRN noted that these legislations failed to define OSEC as a distinct and separate crime and impose certain sanctions against it and identified gaps in the said laws. Currently, there is no all-encompassing law that clearly includes the full range of OSEC activities, such as:

- 1) Recruitment and online technology;
- 2) Stages of commission;
- 3) Participation in the offense; and
- 4) Corresponding penalties.

³¹ <https://www.philstar.com/headlines/2020/02/17/1993729/laws-fail-protect-kids-online-sexual-exploitation>

³² CRN is the largest alliance of organizations and agencies pushing for children’s rights legislation in the Philippines

Other gaps in the system to address OSEC include the failure of Internet service providers to block and filter sites that carry OSEC materials. CRN also stressed the importance of having clearly imposed obligations on private entities like banks, money remittance centers, credit card companies, hotels, inns, and lessors when it comes to shutting down OSEC.

AML efforts and controls

Information-sharing platforms

Currently, there are various information-sharing platforms, and domestic and international cooperation in place among law enforcement agencies and with foreign jurisdictions. The existence of several memoranda of agreements, memoranda of understanding, and partnerships among law enforcement agencies as well as the existence of coordination networks, treaties, and partnerships among jurisdictions contribute to a faster exchange in information relative to various crimes, in this case, the OSEC, which leads to faster identification and investigation of possible suspects of OSEC.

Sharing of information establishes a more accurate picture of suspected trafficking activities as well as the money trail of illegal proceeds, stemming from these OSEC operations.

Public-Private Partnership Programs (PPPPs) are also instrumental in combating OSEC. PPPP plays a key role in information-sharing and identification of OSEC activities, as well as the potential offenders and facilitators.

Operationalization of several domestic coordination mechanisms (i.e. National Law Enforcement Agency Coordinating Committee [NALECC], National AML/CFT Coordinating Committee [NACC], and their respective subcommittees) is likewise a significant factor in ensuring opportune investigations and actions against OSEC and related offenses.

There are limits as to what the FIU, regulators, law enforcement agencies, and private sector can do individually; but partnerships and domestic coordination among these sectors can maximize the potential of the state to curb and even combat OSEC operations.

SECTION III. OVERALL ANALYSIS OF OSEC IN THE PHILIPPINES

OSEC is a horrific crime that causes significant harm to children and young adults, and even to wider society in which it pervades. It is a significant threat which is more likely to continue to increase in the coming years. The issue about OSEC has been one of the global emerging issues, and the Philippines is named in various studies as the global hotspot or the global epicenter of OSEC.

So what has made the Philippines the hotspot or the epicenter?

Based on the discussions regarding some of the major factors that contribute and attest to the rapid increase in OSEC cases in the Philippines vis-à-vis the existing legislations and/or controls in place to mitigate the associated risks, it is somehow evident that there are gaps in the current legislations and controls that make the country vulnerable to OSEC. With the current accessibility to and availability of technology, online sex offenders find it easy to prey on Filipino children.

Based on the study³³ about the global threat of OSEC, children who experience sexual abuse are more likely to become socially isolated, suffer from mental health problems, and attempt and commit suicide. They are also more likely to develop alcohol or drug dependencies. These outcomes impact every aspect of a child's life, including a higher likelihood to perpetuate a cycle of violence onto the next generation. OSEC has a great impact indeed on future generations. OSEC cannot be isolated to the Philippines alone because it is a global issue that requires a universal response.

With all these factors, OSEC poses a **high threat** to the Philippines, especially to Filipino children. Moreover, considering the continuous emergence of OSEC, the extent of threat coupled with illegal proceeds involved and the limited enforcement actions and coordination efforts, OSEC poses a **high risk** to money laundering. The risk is particularly heightened during the COVID-19 pandemic. In relation to terrorism financing, there is not much evidence from the existing reports and cases gathered within the covered period as to the impact of OSEC to extremist activities.

SECTION IV. CONCLUSION AND RECOMMENDATIONS

The opportunity for child sexual offenders and other financially motivated cybercriminals to sexually exploit children has a direct relationship with the continuous progress and development of the Internet and other forms of information and communication technology. It is even aggravated by the emergence of the COVID-19 pandemic, making the affected sector more vulnerable to the said crime mainly because of financial need.

A collaborative multisector response to combat OSEC is likely to offer the greatest benefits through the AMLC PPPPs as well as the involvement of various relevant agencies, such as the Philippine National Police, National Bureau of Investigation, DOJ, other organizations and non-government sectoral agencies (i.e. the Philippine Internet Crimes Against Children Center [PICACC], Inter-Agency Council Against Trafficking [IACAT]). There is a high probability of achieving desired results if government, law enforcement, professionals, such as teachers and health workers, the private sector, and civil society focus on one goal in combating OSEC through effective coordination and collaborative activities.

Strong partnerships among law enforcement agencies, regulators, and private-sector agencies will continue to be a guiding principle of OSEC crime policies in the future. For the public sector, partnerships will result in increased reporting of OSEC matters to the law

³³<https://cebudailynews.inquirer.net/277855/study-highlights-global-threat-of-online-sexual-exploitation-of-children>

enforcement agencies; timely sharing of information; sharing of equipment for processing digital evidence; better preservation of evidence; avoidance of duplicated efforts; reducing costs; and bi-directional training of investigators. Operationalization of several domestic coordination mechanisms (i.e. NALECC, NACC, and their respective subcommittees) is likewise a significant factor in ensuring opportune investigations and actions against OSEC and related offenses.

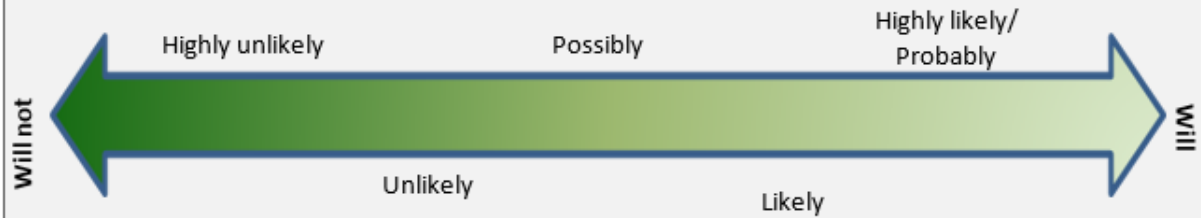
Outreach and awareness programs should also be conducted in various ways, such as:

- (1) Continuous updating and dissemination of red flag indicators, suspicious triggers, and case typologies to the regulators and private sector, particularly to the financial institutions as OSEC operations exploit the vulnerability of certain financial systems;
- (2) Continuous sharing of risk information with financial institutions for efficient reporting of suspicious transactions to the FIU;
- (3) Conduct of various awareness programs across all segments of the society, such as schools and rural areas, that will enlighten people, particularly parents and children, regarding the possible consequences OSEC to the community, especially to the victim;
- (4) Conduct of various livelihood programs that may help the poor and the marginalized for the purpose of raising financial income and thereby diverting the possibility of being exposed to online predators (sex offenders); and
- (5) Conduct of various campaigns to promote outreach programs for the rescued victims of OSEC cases.

Moreover, legislators may help in addressing the noted gaps in the existing legislations by having an “all-encompassing” law that will clearly include the full range of OSEC activities, such as recruitment and online technology, stages of commission, participation in the offense, and corresponding penalties. Additionally, imposition of stiffer penalties and sanctions may discourage possible facilitators of OSEC.

Estimative language

Certain words are used in this assessment to convey confidence and analytical judgement regarding the probability of a development or event occurring. Judgements are often based on incomplete or fragmentary information and are not fact, proof or knowledge. The figure below describes the relationship of the terms to each other.



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