

FINANCIAL CRIME

Illicit financial flows principles add layer to firms' financial crime controls

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Leaders at November's G20 Johannesburg Summit endorsed voluntary principles to combat illicit financial flows (IFFs) — a move that could add another layer to firms' financial crime controls. These principles, championed under South Africa's G20 presidency before it was handed over to the United States, aim to strengthen global financial transparency, enhance cooperation, and promote innovative technologies to curb IFFs.

The G20 leaders also commissioned the **Organisation for Economic Co-operation and Development** (OECD) to develop a roadmap for implementing the principles.

finance (DeFi), stablecoins and peer-to-peer transactions — and identify any direct exposure they have to emerging forms of finance.

As asset tracing and recovery efforts intensify, firms should ensure they have the right data retrieval processes to respond quickly to account and data information requests, and orders from law enforcement. It will be essential to keep records and information in line with national standards or with the timeframes provided by legal orders.

Firms should also have up-to-date enterprise-wide risk assessments that take into account predicate offenses for money laundering including corruption, human trafficking and sextortion. Finally, they should consider collecting gender disaggregated data in jurisdictions where regulators have begun collecting this type of information.

Africa's first G20

Last month, Johannesburg hosted the first-ever G20 Summit on African soil, framed by the philosophy of Ubuntu —“I am because we are”. Despite ongoing geopolitical tensions and economic uncertainty, the summit produced commitments on disaster resilience, energy transition, artificial intelligence (AI) for sustainable development, and critical minerals. However, the spotlight was firmly on illicit finance and anti-corruption measures.

With South Africa taken off the FATF ‘grey list’ of countries with weak AML systems and controls in October 2025, G20 leaders highlighted that \$88 billion leaves Africa in illicit finance annually. This undermines efforts to mobilise domestic resources, adversely impacting economic growth and development.

The G20 reaffirmed support for the FATF and FATF-style regional bodies, including work on assessing risks of emerging technologies such as DeFi, stablecoins and peer-to-peer transactions. It further stressed the need for countries to “intensify global efforts” to increase asset recovery; prevent the misuse of legal entities; make international cooperation more effective; promote responsible innovation in the virtual assets space; and enhance payment transparency.

Tackling gender-based violence

The summit also addressed gender-based violence, reaffirming earlier commitments to eradicate all forms of violence against women and girls, including online harassment and trafficking. In the lead-up to this year's summit, South African President **Cyril Ramaphosa** declared gender-based violence a national crisis, an announcement that was followed by days of national protests that garnered significant attention.

This backdrop prompted G20 leaders to reaffirm their full commitment to the empowerment of women and girls and to condemn all forms of discrimination against them. They reiterated their 2023 commitment in New Delhi to end gender-based violence, agreeing on accelerated action to eradicate all forms, including sexual violence and harassment against all women and girls, whether committed in public or private, online or offline.

While there is limited data on the direct link between gender-based violence and illicit financial flows, there is a strong nexus between gender-based violence and human trafficking. It has been identified that women and girls are disproportionately affected by human trafficking and sexual exploitation, comprising 82% of

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