

International findings on money laundering risk

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For many years the Financial Action Task Force addressed the art market only in passing, in its typology reports on trade-based money laundering and on high-value goods. In February 2023 it published a dedicated report, *Money Laundering and Terrorist Financing in the Art and Antiquities Market*, prepared with input from member states, customs authorities and the trade. The report distinguishes two segments. In the market for modern and contemporary art, the main risk lies in the laundering of proceeds through high-value purchases. In the market for antiquities, looting and trafficking can themselves generate criminal proceeds, and terrorist organisations in conflict zones have been involved in them.¹

Among the risk indicators listed by the FATF are the use of companies and trusts as buyers, payments by third parties unconnected with the buyer and payments from high-risk jurisdictions. Further indicators include cash or crypto-asset payments without plausible explanation, resale shortly after purchase at a substantially different price and a reluctance to provide information on the origin of funds. For antiquities, the report adds missing or inconsistent export documents, provenance histories that begin abruptly in recent decades and objects from regions affected by armed conflict. These indicators correspond closely to those that a Swiss bank applies to any unusual transaction. They show how far the art market has been drawn into the conceptual world of financial compliance.²

The Basel Institute on Governance, whose work on asset recovery and anti-corruption was discussed in Part E, has contributed to this debate since the early 2010s. Its *Basel Art Trade Guidelines*, published in 2012 and revised in 2018, were among the first attempts to translate the standards of financial due diligence into rules for galleries, auction houses and art advisers. The European Commission reached similar conclusions in its supranational risk assessments. It identified the trade in art and antiquities as a sector with significant vulnerabilities and recommended that member

states extend anti-money laundering duties to it. Interpol, UNESCO and the World Customs Organization have each documented the link between trafficking in cultural objects and organised crime, while emphasising that reliable statistics are scarce.³

The empirical picture remains incomplete. Prosecutions for laundering through art are rare compared with those involving real estate or bank accounts. Most cases that have become public combine art with other assets such as companies, yachts and property. Researchers have pointed out that the small number of cases may reflect the difficulty of detection as much as the rarity of the phenomenon. For a financial centre, the policy conclusion is the same in either case. A sector with these characteristics cannot remain outside the preventive system indefinitely, although its obligations must be proportionate to a market that also consists of many small galleries with modest turnover.⁴

1 Notes

1. FATF, Money Laundering and Terrorist Financing in the Art and Antiquities Market (Paris, February 2023), with its distinction between the art market and the antiquities market and its list of risk indicators. To be verified. ↩
2. On the red-flag indicators for buyers, payments and objects in the art and antiquities market, see FATF (2023), cited above, annex on risk indicators. To be verified. ↩
3. Basel Institute on Governance, Basel Art Trade Guidelines (2012, revised 2018); European Commission, Report on the assessment of the risk of money laundering and terrorist financing affecting the internal market (COM(2017) 340 and later editions); publications of Interpol, UNESCO and the WCO on illicit trafficking in cultural property. To be verified. ↩
4. On the limited number of documented prosecutions involving art and the debate about the extent of money laundering through the art market, see FATF (2023), cited above, and the academic literature on art crime. To be verified. ↩

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