

Jorge Jraissati, President of the Organization for Economic Inclusion

The following summarizes the testimony given by **Jorge Jraissati** (Organization for Economic Inclusion) during our meetings with the State Department, Treasury Department, and offices of U.S. Senators in January-February 2024

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Jorge Jraissati is the President of the Organization for Economic Inclusion, a global coalition uniting youth leaders, industry experts, and policymakers. Their mission is to advance democracy through economic opportunity, especially among the youth. The organization's areas of focus include advocating for financial reforms that guarantee a "right to banking" for all people and ensuring that young people have representation in policy decisions.

Jraissati is also an economist and a researcher at IESE Business School for the Center for Public Leadership and Government. His research has been published in Economic Affairs, the Brookings Institution, and Foreign Policy, among others. His policy recommendations have been supported by institutions like the OECD, and presented at universities like Harvard and Cambridge. Jorge has bachelor's degrees in economics and business administration from the Wilkes Honors College of FAU, a graduate diploma from IESE Business School, and executive specializations at Stanford University and Harvard Business School.

Testimony

As President of the Organization for Economic Inclusion (a global coalition of youth leaders, industry experts, and policymakers), I would like to discuss and work on addressing the problem of financial exclusion and abuse of Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regulations.

We have identified that authoritarian regimes and illiberal governments have been abusing FATF recommendations, weaponizing the international banking system as a tool for domestic and transnational repression.

For instance, in authoritarian regimes like Venezuela and Myanmar and illiberal democracies like Bolivia and Hungary, many activists reported to us that their bank accounts were used by regimes to create false political claims, disinformation, and legal accusations against them. On this subject, we have documented sixty cases where grassroots leaders reported the termination of their bank accounts for political reasons.

Similarly, activists in our network from fifteen countries (such as Venezuela, Uganda, Nigeria, Ghana, Belarus, Russia, Burundi, Rwanda, Chad, Bangladesh, Lebanon, Sudan, Pakistan, Myanmar, and Tanzania) have reported using bitcoin as their bank of last resort as protection from political repression because of the abuse of the FATF recommendations that shape AML/CFT laws.

An even more worrisome situation lies in the fact that financial exclusion for political reasons is not limited to authoritarian contexts. Many human rights defenders currently living in democratic countries are deprived of the right to have financial services. This happens as activists are often the target of disinformation campaigns and fabricated criminal allegations, which trigger de-risking mechanisms in bank compliance.

This means that bank compliance requirements that were originally established to adhere to AML/CFT laws end up harming human rights defenders even at the very heart of the European Union and several democratic countries, violating the right to financial services.

Moreover, this problem goes beyond the termination of their accounts. Currently, several transnational legal assistance frameworks allow malicious governments to access sensitive information of their opponents abroad, including their banking data. This practice can endanger even the physical safety of these citizens.

As these states abuse power, activists and youth leaders in my network have turned to Bitcoin as their “bank of last resort.” We have documented cases in over fifty countries where activists have used Bitcoin to support their initiatives to overcome their financial exclusion due to political reasons.

Beyond targeting activists, we want to raise awareness about the unintended consequences of FATF recommendations on the financial inclusion of vulnerable groups. For instance, immigrants from countries like Venezuela, Belarus, and Syria frequently encounter problems accessing financial instruments, such as the right to a basic payment account.

As immigrants come from countries classified as “high-risk” by financial institutions, their higher compliance costs nudge banks to avoid onboarding these individuals. This is happening not just with immigrants without legal status. It is also not limited to people under challenging economic circumstances. It persists even for individuals with a legal status in G7 countries.

While it is important to combat financial crimes, it is also crucial to do it in ways that do not disproportionately harm the financial opportunities of citizens, especially those working particularly hard to strengthen their position in the middle class. If people cannot access banking services, they cannot be productive members of society or fully integrated members of society. They cannot enter into traditional contractual relationships, access traditional sources of financing, or get formal job opportunities.

For these reasons, we have to address this weaponization of FATF standards and Recommendations. We propose to create spaces for dialogue between regulators and civil society in G7 countries. This cooperation will enable us to build mechanisms to prevent the unintended

consequences of the FATF standards, as well as instruments to protect the financial rights of all law-abiding citizens, including vulnerable groups like human rights activists and immigrants from rogue states like Venezuela.