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HOW ILLICIT GOLD MARKETS ARE
OUTPACING GLOBAL RESPONSES

EXECUTIVE SUMMARY

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Note: This publication reports on issues occurring both within the formal gold industry and illicit gold sectors, and identifies areas of risk with regard to supply chains. The mention of any person or entity within this report should not be directly or indirectly construed as a statement to the effect that they are involved in any illicit activity or negative conduct.

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Illicit gold is one of the most consequential criminal markets in the world and a pre-eminent accelerant economy,¹ amplifying and sustaining broader criminal economies.² The term ‘illicit gold’ applies to a wide range of activities and gold products, including gold illicitly mined, processed or traded, and legally procured gold used for illicit purposes. It finances sanctioned regimes, fuels environmental crime, and funds conflict, while moving through the same refineries, trading desks and financial institutions as those used by legitimate gold markets, connected by systemic vulnerabilities that criminals exploit. Driven in part by the dramatic rise in the gold price since 2023,³ criminals increasingly control whole supply chains, including processing plants and logistics networks, and undertake ever more sophisticated trades and financial transactions, making what they do more difficult to detect.

Organized crime is increasingly controlling illicit gold markets, with devastating consequences. Illicit gold provides a financial backbone to criminal economies worldwide, making the world less safe, less resilient and more difficult to govern. It funds the corruption that hollows out communities and amplifies the environmental harms of gold mining, including deforestation, mercury poisoning and the sedimentation that diverts rivers, while opening up frontiers for illicit timber and wildlife trafficking. It bankrolls violent conflicts and regimes that abuse human rights, enables sanctions evasion, weakens state legitimacy, drives demand for arms and drugs, and sits behind forced labour, human trafficking and sex trafficking. Proceeds are also invested in illicit cattle ranching, which destroys protected land.

While illicit gold now features on the international agenda,⁴ its prevailing framing – centred on artisanal and small-scale gold mining (ASGM) and conflict and high-risk areas (CAHRAs) – is not keeping pace with the scale and nature of the threat. Illicit gold is a problem across all types of mining and throughout the gold ecosystem: the systemic vulnerabilities that enable its circulation span physical and financial supply chains. For example, foreign financing has driven the industrialization of illicit mining operations across Africa, Latin America and Asia. Criminal abuse of recycled and scrap gold and gold concentrate and the proliferation of opaque refineries allow illicit gold to be concealed and laundered into formal markets. Central bank purchases, gold derivatives, stablecoins and the activities of commodity traders and financial institutions present under-analyzed vectors for illicit flows. Consequently, until the understanding and framing of illicit gold is expanded to encompass the full scale of illicit threats, responses will continue to fall short.

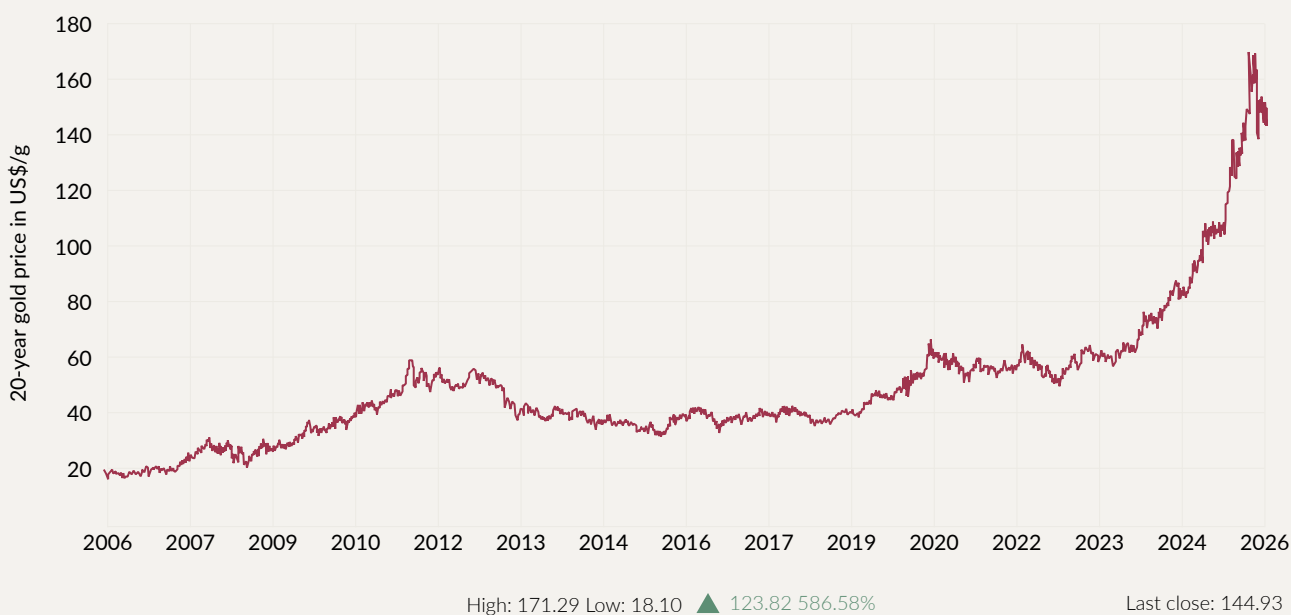


FIGURE 1 The gold price in US dollars, 2006–2026.

SOURCE: Gold Price, goldprice.org

The opacity of the sector allows illicit markets to thrive and means the full scale of illicit gold markets is underestimated and restrains global responses. Illicit actors systematically exploit the structural opacity caused by unreliable and missing production or export data, mismatches between partner country trade statistics and non-standardized information capture,⁵ and limited customs oversight.⁶ Complicated and under-regulated trades on commodity and financial markets creates additional murkiness. Global data gaps stretch from producer countries such as Venezuela⁷ and Somalia⁸ to international bullion centres (IBCs)⁹ and global financial hubs where gold trades and gold-backed investments are under-scrutinized. In many cases it is impossible to know the provenance or trading circumstances of gold circulating in global supply chains, and this is central to the problem, enabling illicit gold markets to outpace global responses.

There has been a sustained push for greater transparency in the gold sector for decades. But the threat has evolved faster than the response. The Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Due Diligence Guidance), established in 2011 with a supplement on gold added in 2012, created unprecedented consensus between governments, the private sector and civil society on supply chain due diligence. Fifteen years on, however, the standard is voluntary in many countries or weakly enforced and poorly applied where it has been fully or partly translated into regulations or state guidelines.¹⁰

Recognizing the severity of the threat and the urgent need for action that reflects the current state and full scope of illicit gold markets, the Global Initiative Against Transnational Organized Crime (GI-TOC) has assessed global illicit gold markets, identifying the greatest threats and emerging trends. This report draws on more than a decade of GI-TOC investigations into criminality in the gold sector, spanning dozens of publications, as well as a robust literature review, interviews and inputs from experts in the field, and fieldwork.

Key findings

Illicit gold is an underestimated threat requiring new framing

- Criminal convergence is deepening. Illicit gold increasingly intersects with a broad range of criminal markets, from drug trafficking and arms dealing to human trafficking and sanctions evasion, and involves a full spectrum of criminal actor types, including state-embedded actors and private sector enablers.
- Gold's role in conflict goes beyond revenue mobilization and is increasingly subject to foreign influence. Gold plays a critical role in armed groups' efforts to build legitimacy, exemplified in West Africa. Foreign actors increasingly shape African conflicts through financing and gold sourcing arrangements.
- Gold is being weaponized as a tool of statecraft. Gold is used to fund conflict, evade sanctions and sustain regimes that would otherwise be financially isolated. 'Geocriminality' – the instrumentalization of illicit networks by states for geopolitical objectives – is an increasing risk in the gold sector, though it is often difficult to differentiate it from policy and the selective enforcement of regulations and laws.
- IBCs are a major blind spot. IBCs such as the United Kingdom (UK), United Arab Emirates (UAE), Switzerland and China handle most global gold trade but their markets exhibit limited transparency and oversight of bullion activities, leaving them exposed to sophisticated criminal operations and illicit gold flows.

Systemic vulnerabilities enable illicit gold flows

- Opacity defines the sector, itself a profound systemic vulnerability. Information deficits make it impossible to know with certainty what gold is circulating in global supply chains. These are not incidental shortcomings: they are features of a market that has never been required to be transparent and which is systematically exploited by criminal actors.
- Gaps in global supply chain standards leave significant space for criminal exploitation of the gold sector. Standards focused primarily on ASGM and CAHRAs fail to capture the full spectrum of criminal vulnerabilities across physical and financial supply chains.
- Weak governance and corruption underpin the persistence of illicit gold mining, with powerful actors – especially politically exposed persons – increasingly capturing regulatory systems, mining rights and state entities for illicit personal gain.
- Junior miners are a critically under-scrutinized stakeholder group, as unintentional enablers, perpetrators and victims, especially as they often create a bridge between Western finance and high-risk mining frontiers.
- Criminal mining operations are increasingly industrialized and growing in scale, defying ASGM definitions and responses aimed at combating criminality and supporting responsible development in the ASGM sector. Foreign financing is a driver of this industrialization across Africa, Latin America and Asia.
- Criminal networks increasingly control and derive revenue from whole supply chains through financing arrangements and control of key chokepoints, such as processing facilities and logistics networks.
- 'Recycled gold' is a significant loophole and a persistent threat that enables the laundering of illicit gold into formal gold markets.¹¹

- Gold concentrate is poorly regulated and is exploited by criminal networks to move value across borders with minimal oversight.
- The use of cryptocurrency and gold-backed stablecoins in illicit gold trading networks is expanding, creating new financial paths outside anti-money laundering (AML) frameworks. This is in addition to other monetary vehicles and systems that persist, including cash, informal value transfer systems and poorly regulated banking transactions through correspondent banks.

The financial sector, including bullion banks and central banks, are highly exposed to illicit gold

- Bullion banks do not routinely treat gold supply chain due diligence as a core compliance obligation. As such, they inherit the provenance risks embedded upstream in supply chains and rely on inadequate third-party certification to mitigate against these.
- Gold investment vehicles, including physically backed exchange-traded funds (ETFs), derivatives, unallocated accounts and gold-backed tokens, are increasingly exposed to illicit gold risks through vulnerabilities in upstream sourcing, refining, custody and broader market structures.
- Central banks are among the least scrutinized participants in the gold market. Domestic purchasing programmes in several producer countries are at risk of absorbing illegally mined material, and central bank gold swaps introduce additional provenance risks.

Recommendations

The main thematic points are summarized here, with a full set of recommendations provided at the end of the report.

- **Reframe the threat:** Analytical frameworks, including the Financial Action Task Force (FATF) 2015 thematic review on gold,¹² must be updated to reflect the full spectrum of illicit gold risks across physical and financial supply chains, not only those in ASGM and CAHRA contexts.
- **Improve data:** Governments and international bodies must address gaps in trade statistics, customs reporting and production data that lead to the opacity on which illicit gold markets depend.
- **Make standards binding:** Fifteen years of voluntary frameworks and certification schemes have proven they are not strong enough to tackle illicit gold and harmful business. Governments must move towards mandatory, legally enforceable due diligence and know-your-customer requirements that apply across the full gold supply chain, including IBCs and financial markets. The third-party assurance model underpinning responsible sourcing certification is structurally compromised and must be replaced by independent, mandatory investigative auditing with enforcement consequences.
- **Reform auditing practices and standards:** Independent, investigative and mandatory auditing with enforcement consequences must replace the compliance-based system. This should include making audit reports public, enhanced mandatory reporting on recycled and scrap gold by traders and refiners, and looking beyond the first tier of supply (direct partner) to assess the full circumstances of supply chains. It is not enough to assess and assure company processes alone.
- **Scrutinize IBCs:** IBCs handle large volumes of the global gold trade but are one of the sector's greatest blind spots. The FATF should rate IBCs on their AML controls and exposure to precious metals laundering risks, commensurate with their systemic importance.

- **Close financial sector gaps:** Banks, bullion banks and commodity traders must treat gold supply chain due diligence as a core compliance obligation and must not rely on certifications or third parties to undertake checks on the circumstances of gold they buy or trade.
- **Support a responsible, resilient ASGM sector:** Experience and research has shown that the greatest bulwark against criminal exploitation of ASGM is establishing and supporting a sector that is responsible, sustainable and has access to formal financing and markets.



Small-scale gold mining in Sierra Leone. Resilient, responsible ASGM sectors are one of the strongest bulwarks against criminal capture and illicit gold. *Photo: GI-TOC*



NOTES

- 1 The term 'accelerant market' has also been used to describe illicit economies identified as playing a particularly prominent role in fuelling conflict and violence, specifically in the West African context. See: GI-TOC, Key trends in illicit economies and conflict in 2022, Risk Bulletin of Illicit Economies in West Africa, Issue 6, January 2023, <https://riskbulletins.globalinitiative.net/wea-obs-006/01-key-trends-in-illicit-economies-and-conflict-in-2022.html>.
- 2 See GI-TOC regional assessments; for example: Livia Wagner, Organized crime and illegally mined gold in Latin America, GI-TOC, March 2016, <https://globalinitiative.net/analysis/organized-crime-and-illegally-mined-gold-in-latin-america>; Marcena Hunter, Beyond blood: Gold, conflict and criminality in West Africa, GI-TOC, November 2022, <https://globalinitiative.net/analysis/gold-conflict-criminality-west-africa>; Marcena Hunter et al, Illicit gold markets in East and Southern Africa, GI-TOC, May 2021, <https://globalinitiative.net/analysis/illicit-gold-east-southern-africa>.
- 3 It would be a mistake to assume that illicit gold threats correlate with gold price. Following the rise and fall in gold prices during 2012–2013, although not as dramatic as the recent spike, GI-TOC research showed that criminal networks who established themselves in the gold sector did not depart with a drop in gold prices. Thus, we do not expect criminal entrants driven by the gold prices to leave the sector if prices drop in the future.
- 4 For example, ECOSOC Resolution 2019/23 (2019); UN Security Council Resolution 1533 (2004) – DRC; UN Security Council Resolution 1591 (2005) – Sudan/Darfur; UN Security Council Resolution 2127 (2013) – CAR; UN Security Council Resolution 2374 (2017) – Mali; UN Security Council Resolution 1970 (2011) – Libya. Gold is also one of three priority issues to be covered in a UK illicit finance summit originally planned for June 2026 and now postponed to December 2026. See Foreign, Commonwealth and Development Office and the Rt Hon Yvette Cooper MP, Illicit Finance Summit to build international coalition against dirty money, Gov.uk, 7 December 2025, <https://www.gov.uk/government/news/illicit-finance-summit-to-build-international-coalition-against-dirty-money>.
- 5 The private sector has also acknowledged the issue: the WGC has recognized illicit gold threats in its publications (see, for example: WGC, New report uncovers scale of exploitation of artisanal gold miners to fund war, terrorism and organised crime, 18 November 2024, <https://www.gold.org/news-and-events/press-releases/new-report-uncovers-scale-exploitation-artisanal-gold-miners-fund>) and is working with industry bodies such as the LBMA and DMCC on illicit gold issues (see: LBMA/WGC Sustainability & Responsible Sourcing Summit 2026, <https://www.lbma.org.uk/events/lbma-wgc-sustainability-responsible-sourcing-summit-2026>; WGC, World Gold Council (WGC) and Dubai Multi Commodities Centre (DMCC) collaborate to combat illicit hand-carried gold trade, 23 November 2023, <https://www.gold.org/news-and-events/press-releases/world-gold-council-and-dubai-multi-commodities-centre-dmcc>).
- 6 See for example: Marc Ummel and Yvan Schulz, On the trail of African gold: Quantifying production and trade to combat illicit flows, Swissaid, May 2024, <https://www.swissaid.ch/en/articles/on-the-trail-of-african-gold>.
- 7 See, for example: Marcena Hunter, A golden crisis: Illegal mining and gold supply chains in Ecuador, GI-TOC, June 2025, <https://globalinitiative.net/analysis/illegal-mining-and-gold-supply-chains-in-ecuador>.
- 8 See Marcena Hunter, Gabriel Funari and Sophia Pickles, Illicit gold trafficking to Venezuela and the implications of US action, GI-TOC, March 2026, <https://globalinitiative.net/analysis/illicit-gold-trafficking-to-venezuela-and-the-implications-of-us-action>; David Soud et al, Gold flows from Venezuela: Supporting due diligence on the production and trade of gold in Venezuela, Security Research Hub Reports, 1 January 2023, <https://digitalcommons.fu.edu/srhreports/environmental-security/environmental-security/92>.
- 9 Jay Bahadur, The Somali gold rush: Milxo and the ungoverned mining frontier, GI-TOC, February 2026, <https://globalinitiative.net/analysis/somali-gold-rush-milxo-mining>.
- 10 International bullion hubs are prominent global bullion markets – marketplaces for the trade in precious metals. Major IBCs, as identified by the LBMA are China, Hong Kong SAR, India, Japan, Russia, Singapore, South Africa,

Switzerland, Türkiye, the UAE, the UK and the US. See: LBMA, International Bullion Centre Recommendations, 25 May 2021, <https://www.lbma.org.uk/articles/international-bullion-centres-recommendations>.

- 10 OECD, Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition, April 2016, pp 20–24 (Annex II), https://www.oecd.org/en/publications/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_9789264252479-en.html.
- 11 See for example, a 2024 open NGO letter to the LBMA, which flags that the current definition of 'recycled gold' is

too broad: RAID, A call to end the global trade in tainted gold on the London market, 18 March 2024, <https://raid-uk.org/call-to-end-global-trade-in-tainted-gold-on-the-london-market-lbma-responsible-sourcing-greenwashing>. See also the LBMA's response, which commits to revisit the definition: LBMA, LBMA response to letter from civil society organisations, 17 April 2024, <https://www.lbma.org.uk/articles/lbma-response-to-letter-from-civil-society-organisations>.

- 12 FATF and APG, Money laundering and terrorist financing risks and vulnerabilities associated with gold, July 2015, <https://www.fatf-gafi.org/en/publications/Methodsandtrends/MI-tf-risks-and-vulnerabilities-gold.html>.



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