

Financial Crime, Data & Security Working Group: Forum update as at 7 April 2016

Working Group Chair(s): Russell Saunders

Last Report

Amber

This Report

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EXECUTIVE SUMMARY

- Three 1-day workshops held during March for 3 of the 4 high-priority solution options identified in February's Forum reports. During these 3 workshops, six distinct potential solution recommendations were identified, which have been assessed in more detail and written up in our detailed report for the April Forum.
- These six solution areas are: i) Technical standards for identity, verification, authentication and risk-assessment; ii) Payments transaction data sharing and data analytics; iii) Enhanced payments transaction data; iv) Financial crime intelligence sharing; v) Trusted KYC data sharing and storage repository; vi) Enhancement of sanctions data quality.
- The other priority area identified in February is Customer Education and Awareness, where work is in progress but not as advanced. We see a clear link to the End-User Needs WG and have started a process to engage. This will continue during April.
- Some common themes are evident from our work across the current detriments experienced and these priority solution options: including a) a lack of common formats and standards in specific areas that hinders effective communication between PSPs; b) a lack of appetite and/or economic business case to address financial crime detriments whether individually or collaboratively; c) key concerns about current legal and regulatory constraints.
- We identify a number of solution opportunities and related issues that will benefit from close co-ordination with other working groups during April and May. For example Identify and verification; Enhanced payments data and standardisation; and Customer education and awareness

Next Steps/Actions

- A further phase of analysis to tighten the priority solution options covered in our detailed assessment document (3rd bullet above), to assess, for example, the level of costs, the possible delivery approaches, and the funding model.
- Develop our proposed approach for Customer Education and Awareness, and engage with End-User Needs WG.
- Plan approach for mid-April to June, to enable close working with other Working Groups on common issues; and to co-ordinate Working Group's own activity with the approach of the Forum's 'independent consultants'.
- Further work on our WG's medium-priority solution concepts, identified in February: i) Consistent Control and Reporting Obligations; and ii) Profiled control of payment initiation.
- Plan the Forum's engagement approach with relevant public authorities / industry bodies addressing Financial Crime.

Key Deliverables/Milestones (taken from agreed high level programme of work)

- Agree Terms of Reference and work-plan: **15/12/2015**
- Define / refine / group detriments; prioritise; identify solutions: **25/02/2016**
- Define solutions; gather evidence: **14/04/2016**
- Define / finalise / evaluate solutions; gather evidence; produce implementation plans (supported by independent consultants): **30/06/2016**
- Produce relevant section of the DRAFT strategy (supported by independent consultants): **30/06/2016**
- Produce relevant section of the FINAL strategy (supported by independent consultants): **21/09/2016**

Key Risks & Issues

- Timescales to develop final recommendations, to the relevant detail, for the consultation document. Work will be required to: carry out further detailed analysis; engage and build buy-in across the Working Group's members and the wider Payments Community; engage with wider financial services initiatives on financial crime to align the Forum's proposals.
- Access to the resources required to deliver the required quality for the June Forum and subsequent consultation document. And how best to align or dovetail the work of each working group with each other and with the 'independent consultants'
- The impact of the EU referendum result, 1 week before the June Forum: in particular if a Leave decision, discuss the impact for example on Forum recommendations that are currently aligned with EU requirements.

Forum Actions / Decisions Required

Mid-April to end-May is a key period for further analysis leading up to the June Forum. Three key discussion points are:

- the plan for the work of the independent consultants and how this will be aligned with further work of the Working Groups.
- the right level of co-ordination between the 4 working groups, balanced with each working group continuing to drive its own analysis and recommendations
- approach to engage other Financial Services bodies / initiatives ahead of the consultation document for our recommendations – for example, alignment with Joint Fraud Taskforce; Serious & Organised Crime Financial Sector Forum and Joint Money Laundering Intelligence Taskforce, and a number of others

Joint approach across Working Groups for 'customer education and awareness' recommendations by the Forum.