Financial Crime, Security and Data Working Group

Payments Strategy Forum
1st March 2017

Summary

Key achievements

The Financial Crime, Security and Data Steering Group consists of seven distinct solution proposals, where each solution requires its own tailored approach and resources.

- **Kick-off workshops** held to discuss the plan and approach for specific solutions around Payment Transaction Data Sharing and Analytics (Transaction Analytics), Trusted KYC Data Sharing and Storage Repository (KYC Sharing) and Financial Crime Intelligence Sharing (Intelligence Sharing)
- **Mobilisation meetings** held for Analytics, KYC Sharing, Intelligence Sharing, Guidelines for Identity Verification, Authentication and Risk Assessment (Identity Guidelines) and Indirect Access Liability Models (Liability Models) solutions. Follow up meetings and workshops planned in coming weeks to gather more details from the wider payments community
- EY has been engaged to provide ongoing **PMO support** to the solutions in the FinCrime Working Group
- **Solution Teams** taking shape for Transaction Analytics, KYC Sharing, Intelligence Sharing and Identity Guidelines Solutions

The sections in this pack provides an update on:

A. Recap of the approach

B. High level milestone plan for each solution in Q1 and progress update of 7 solutions since last Forum

C. High level governance model and key risks

Forum is asked to review this report and provide input on these draft plans and resourcing options.

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A: Recap of the approach

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A. Summary of approach across all 7 solution proposals

Core solutions for SG to drive forward through 2017
- with next-stage output report by end Q2

- Workshop 1 (01/02)
- Mobilisation call (14/02)

WS1: Payment Transaction Data Sharing and Analytics

- Full day workshop being scheduled (10/03)
- Weekly meetings to be scheduled

- Workshop 1 (01/02)
- Mobilisation call (20/02)

WS2: Trusted KYC Data Sharing and Storage Repository

- Weekly meeting underway

- Workshop 1 (01/02)
- Planning call (20/02)

WS3: Financial Crime Intelligence Sharing

- Meeting to discuss BBA AML strategy

Package and handover in Q1

WS7: Customer Education and Awareness

- Handover and ongoing follow up

Further analysis by SG in Q1, Q2; then handover (by Q3)

- Working Group call (03/02)
- Mobilisation call (20/02)

WS4: Guidelines for Identity Verification, Authentication and Risk Assessment

- Workshop (TBC)
- Weekly meeting under way

WS6: Enhancement of Sanctions Data Quality

- Ongoing follow up

- Mobilisation call (14/02)
- Planning call (21/02)

WS5: Indirect Access Liability Models

- Workshop planned (07/03)

Underpinning work

- Meeting (13/02)

Legal work-stream

- Ongoing engagement

- Key achievement
- Key upcoming activities

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B: High level milestone plan in Q1 & progress update of 7 Solutions since last Forum

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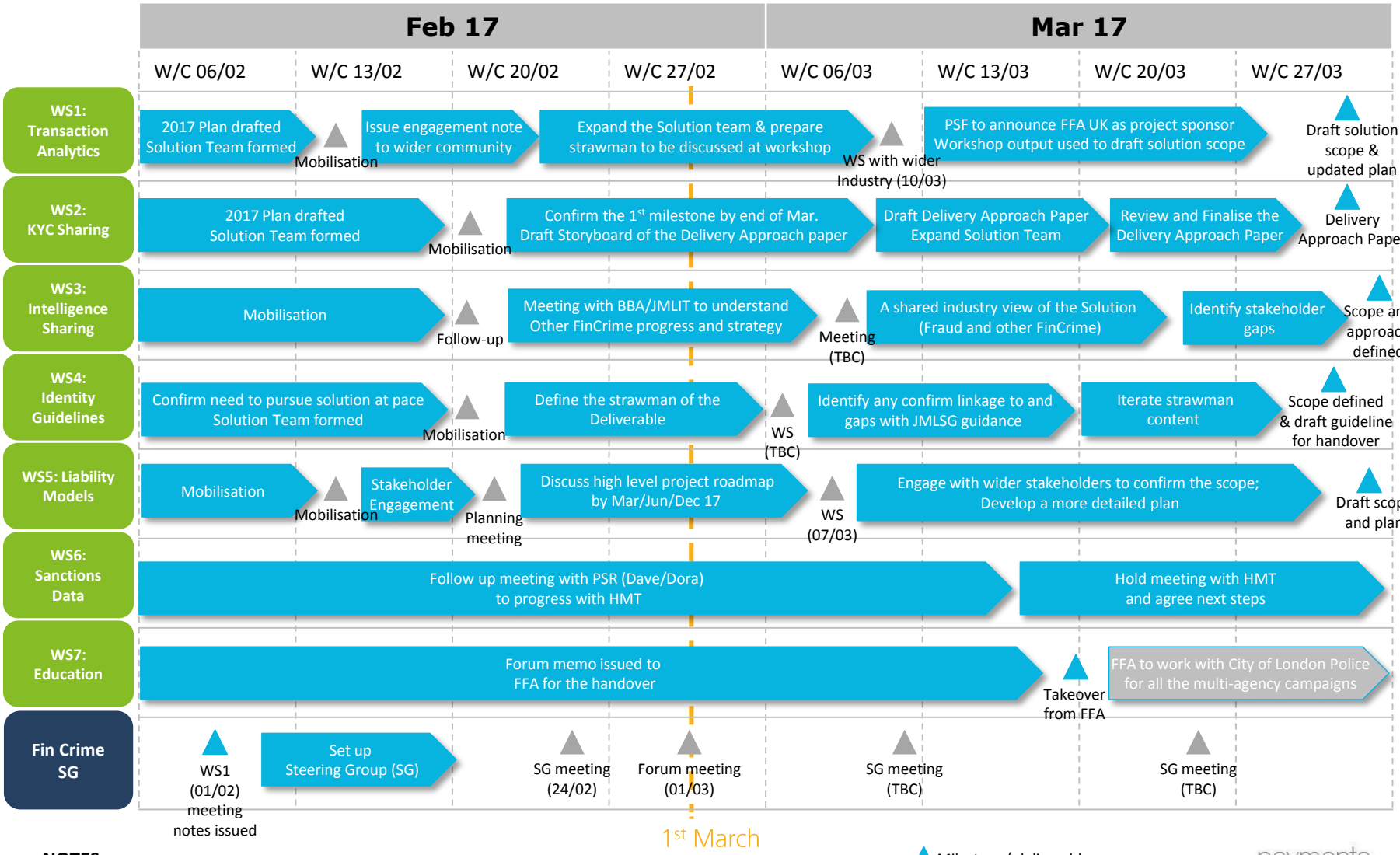
B. High level milestone plan for 7 Fin Crime Solutions in Q1



NOTES

- Plan will be updated on an ongoing basis based on the input/out from each workstream
- Weekly meeting for status updates will be scheduled on each Friday
- Fortnightly FinCrime WG – Steering Group under the way

Milestone/ deliverables

Meetings/Workshops

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B. Workshops and meetings for Fin Crime Solutions

B. Progress update of 7 solutions since last Forum (30th Jan)

Solutions	Progress update
WS1: Transaction Analytics	• High level delivery plan for 2017 and 2018 were identified in 1-Feb workshop • Mobilisation meeting held on 14-Feb to define the scope and expand the Solution Team. • Workshop planned for early March to include a wider group of industry experts to develop detailed plans for tactical and strategic solution in 2017 and 2018
WS2: KYC Sharing	• High level delivery plan for 2017 and 2018 and resourcing plan were identified in 1-Feb workshop • Meeting held on 20-Feb to confirm the 1st milestone is to develop a Delivery Approach Paper and delivery plan for the KYC Sharing solution by the end of March (addressing the next steps set out in November)
WS3: Intelligence Sharing	• Delivery approach was reviewed in 1-Feb workshop. Agreed to have PSF as the interface between BBA/FFA/JMLIT and Governance strategy (NCA, Home office, FCA) • Kick off meeting held on 20-Feb. Agreed next step is to engage with BBA and JMLIT to understand their progress of the Strategy and to have a shared industry view
WS4: Identity Guidelines	• The key focus by the end of Feb and high level solution scope were discussed in 3-Feb working session. Next main deliverable is a full definition of the scope for this Identity Guideline, to deliver by end Q2. • Follow up meeting held on 20-Feb: next steps to engage with JMLSG and BBA (meeting TBC) to identify overlap/gaps of the current JMLSG Guidance; develop a strawman of the Deliverables to inform the scope/high level plan, and consider handover to industry body
WS5: Liability Model	• Planning meeting held on 21-Feb to discuss the high level project roadmap. Clear that JMLSG must be engaged immediately. Workshop will be held to identify the wider stakeholders to be engaged, gap analysis to confirm the scope of the JMLSG guidance and HMRC guidance
WS6: Sanctions Data	• PSR colleagues are pursuing a meeting with HMT's Office for Sanctions Implementation. Awaiting response from HMT (as of 22 Feb).
WS7: Education	• Agreement with FFA-UK to take on ownership of this initiative. Forum to finalise formal handover by end March. • (FFA will subsequently work closely with City of London Police's 'multi-agency campaigns group' to achieve the objectives set out)

Glossary:

JFT: Joint Fraud Taskforce (Home Office)
JMLIT: Joint Money Laundering Intelligence Taskforce
JMLSG: Joint Money Laundering Steering Group
ICO: Information Commissioner's Office
NCA: National Crime Agency

- **FFA-UK**: Financial Fraud Action UK
- **NFIB:** National Fraud Intelligence Bureau
- **CoLP:** City of London Police
- **HMT:** HM Treasury
- **BBA:** British Bankers Association

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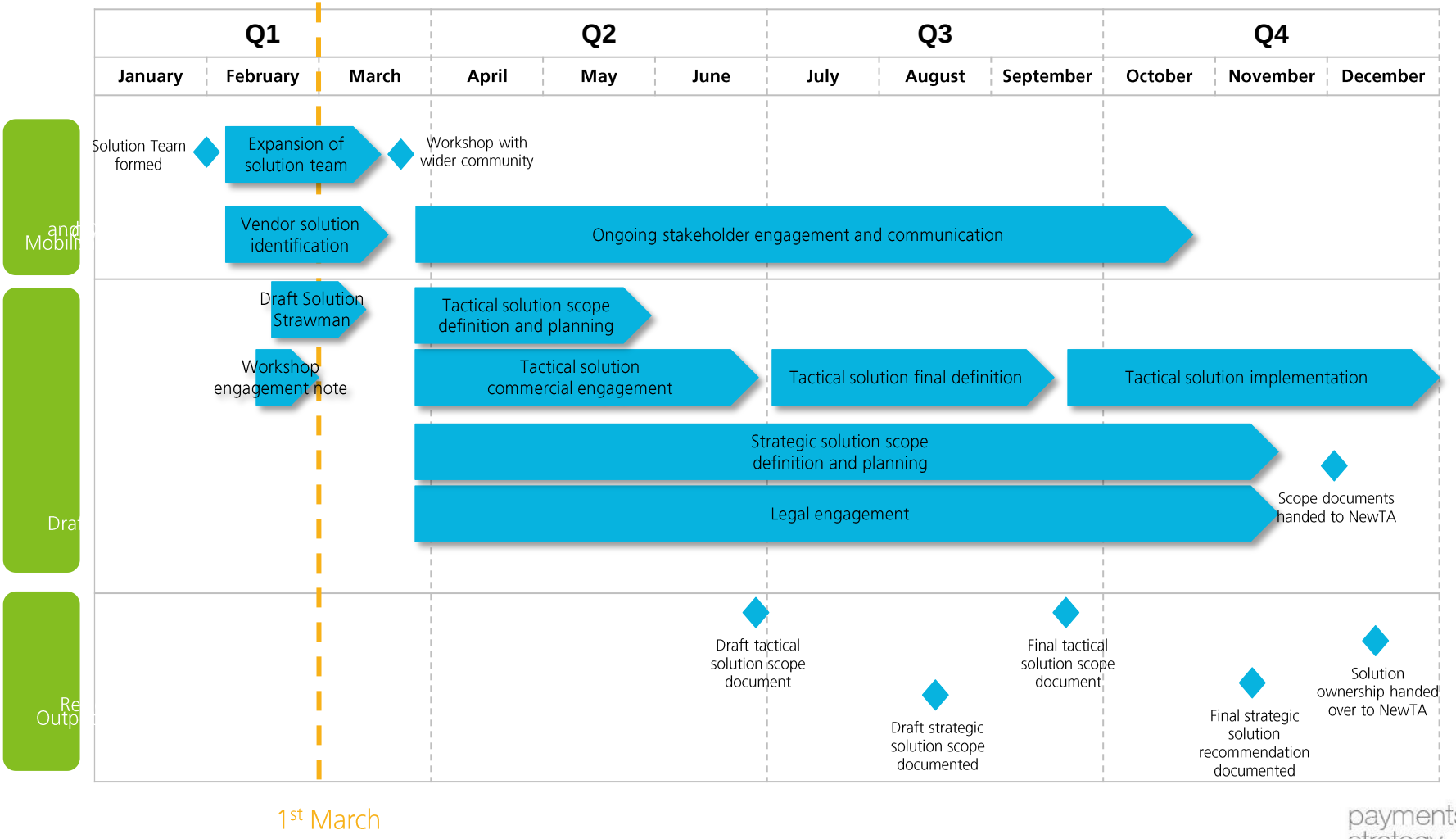
Workstream 1: Transaction Analytics
High level draft plan



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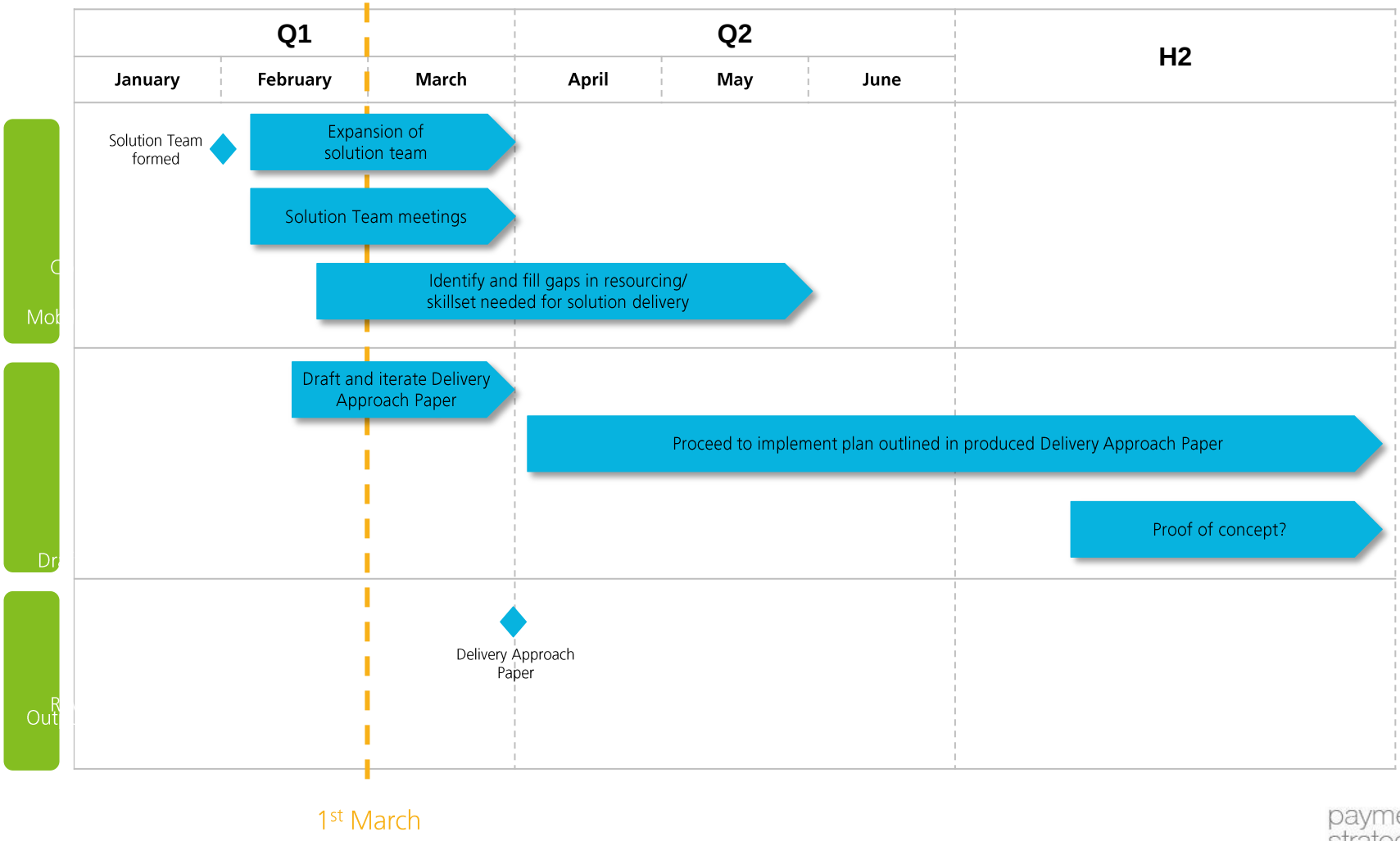
Workstream 2: KYC Sharing
High level draft plan



The KYC Sharing Solution – Delivery Approach Paper

The Forum committed to undertake more research to confirm the viability of the Trusted KYC Data Sharing Solution, including potential for delivery by the competitive market

1: Recap of the Scope of Solution	► **SME Business Customers** (clarify definitions of SMEs, cap of the number of employees)
2: Recap of the Problem Statements and Detriments	► Readdress **current KYC issues faced by the customers and banks** ► Bad actors slip through, good actors experience delays in business activity, costly processes, duplication of efforts for customers and banks
3. Approach	► **Analysis of the current market initiatives against the business needs/requirements** (e.g. DTCC, SWFIFT Registry, Consortium Business Passport, Thomson Reuters etc.) ► **Gap analysis**
	► Propose high level implementation/testing approach
	► **Define detailed plan** to leverage the identified, suitable market initiative(s) and build out to address any identified gaps

The workstream will develop a Delivery Approach Paper by the end of March that follows this approach and sets out the post-March Plan

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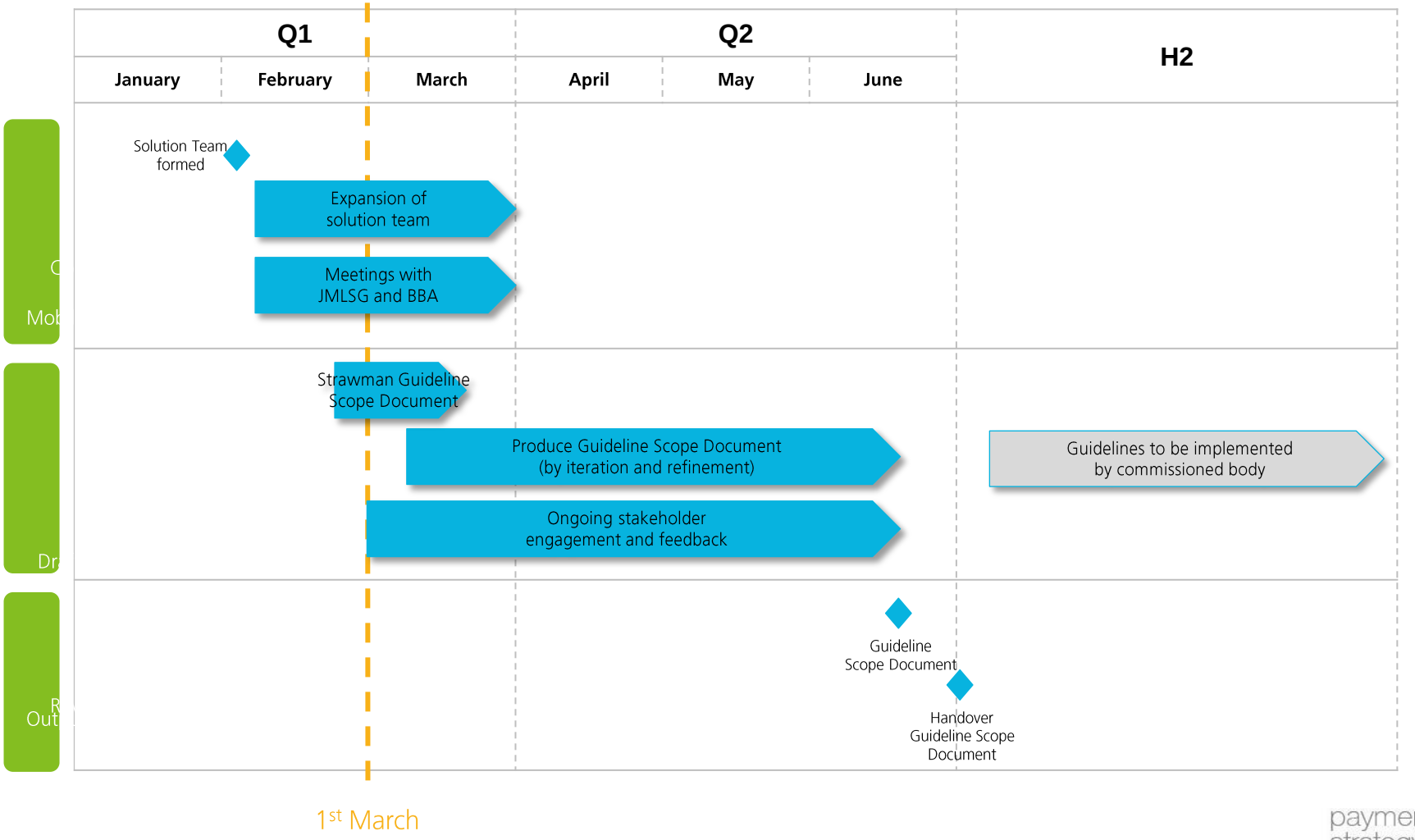
Workstream 4: Identity Guidelines
High level draft plan



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C: High level governance model and key risks

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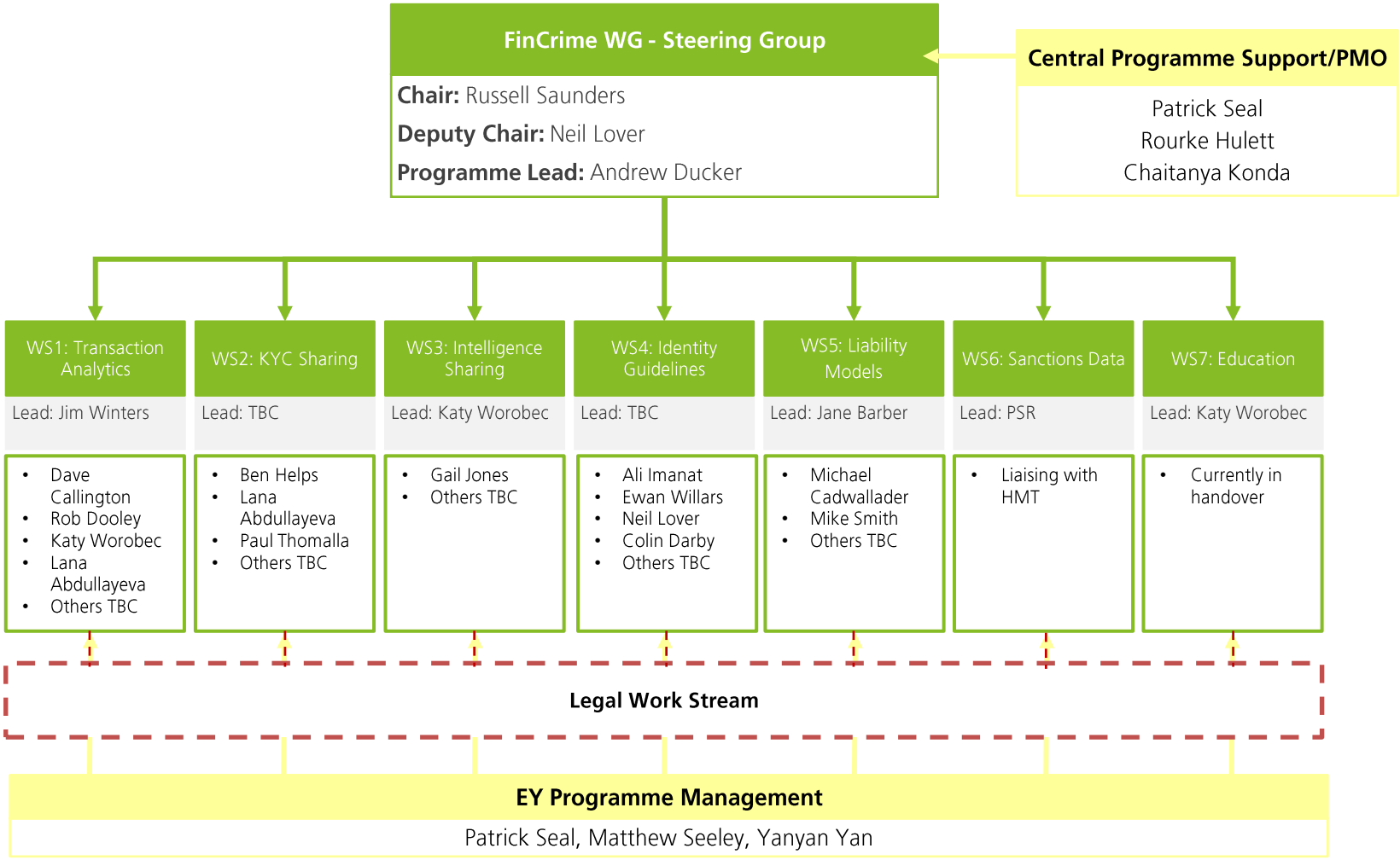
FinCrime Working Group Organisational Structure



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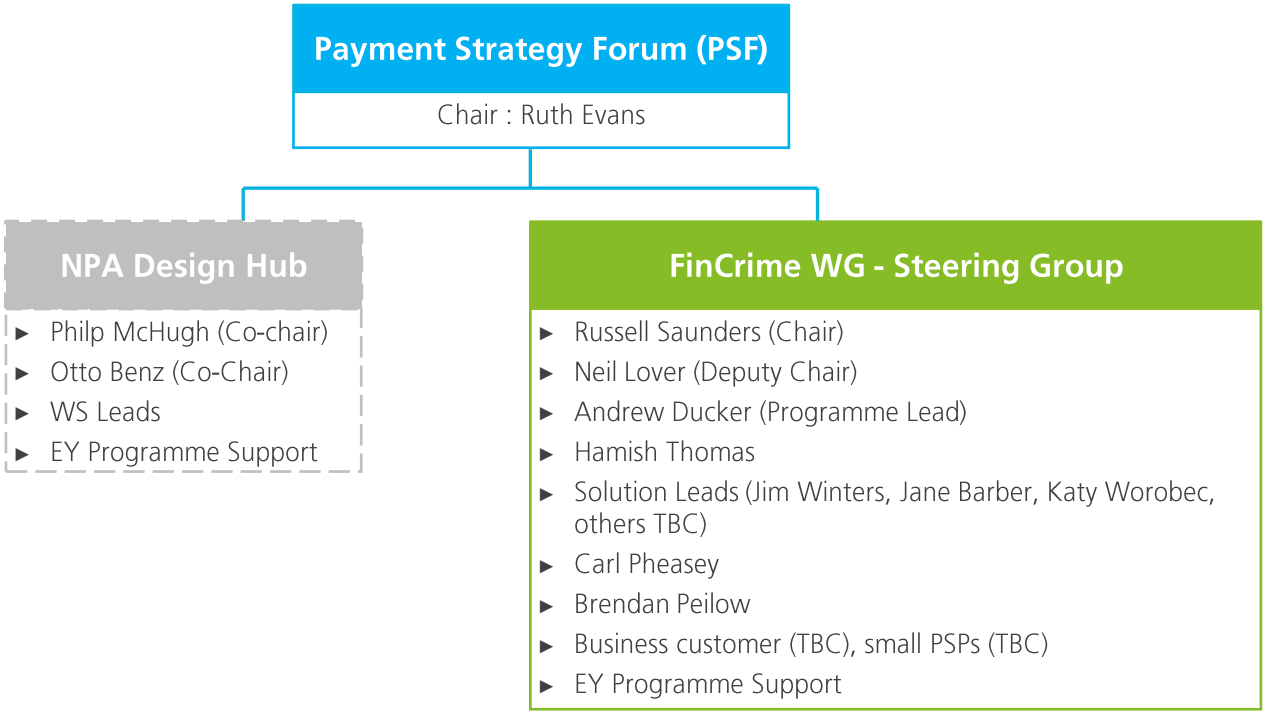
FinCrime Working Group Governance



FinCrime WG – Steering Group Purpose

- Provides strategic direction to Solutions
- Solution progress reported, included key achievements and upcoming activities
- Highlight the challenges, escalate the risks and issues that requires Steering Group's decision making and signoff

Meeting Frequency and Agenda

- Fortnightly meeting
- Agenda:
  - Solution high level progress updates and next steps
  - Key risks and issues, decision making
  - Legal updates
  - Actions for the Steering Group

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Principal Risks

Ref	Risk description
1	**Resourcing Risk** • Require **solution team leaders** for the KYC and Identity solutions to drive the solution forward (need to confirm full time/part time)
2	**Resourcing Risk** • Need to **expand payments industry representation** in the Solution Team for **KYC** solution
3	**Resourcing Risk** • Urgent need to find suitable resources to support solutions. Resources required to capture both the expertise needed to perform key analysis activities and produce required design artefacts, and the required stakeholders to cover a wide breadth of industry representation. (This will be addressed by forthcoming Forum communication to the Payments Community asking for people to volunteer their time/ expertise)
4	**Legal issues/ considerations** is a critical path. • Need to have a joined up view of the **Legal considerations** and **required legal changes**, and take into consideration the **data sharing** requirements (GDPR).

Discussion and Questions

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