

## Financial Crime, Security and Data Working Group - Terms of Reference

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### Background

1. The Payments Strategy Forum (the Forum) has concluded its first year of operation and produced a Strategy, 'A Payments Strategy for the 21<sup>st</sup> Century: Putting the needs of users first', published on the 29 November 2016.<sup>1</sup>
2. The Forum has proposed seven solutions to address financial crime issues that harm all end users of payments: individuals, businesses, charities, government, and public sector organisations. They also cause direct loss to PSPs.
3. The Forum commenced its implementation phase on 16 December 2016.

### Working Group scope and deliverables

4. The objective of the Working Group (WG) is '*to engender user trust in safe and certain payments through collaboratively preventing financial crime*'. The WG will gather evidence to assist the Forum's next phase of work in relation to the seven financial crime-related solutions set out in the Strategy.
5. The WG will create a work plan based on the high level dates below and coordinate and oversee any sub groups (SGs), driving the delivery of their outputs and reporting to the Forum:
  - **By end January 2017**, developed its workplan and identified its resource requirements
  - **By July 2017:**
    - i. **Guidelines for Identity Verification, Authentication and Risk Assessment.**

**Deliverable:** The WG will assist the Forum in moving the development of the solution forwards, and will seek to confirm ownership and proceed with a handover to a suitable body by 01<sup>st</sup> July 2017.

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<sup>1</sup> <https://www.paymentsforum.uk/final-strategy>

ii. **Payment Transaction Data Sharing & Data Analytics**

**Deliverable:** The WG will assist the Forum in managing the delivery for this solution, including high-level design and delivery/procurement approach, and will propose an industry self-regulating body to be responsible for completing the design / specification and leading the delivery phase.

iii. **Financial Crime Intelligence Sharing**

**Deliverable:** The WG will assist the Forum in handing over the solution to an appropriate industry body. This will involve collaborating with existing bodies (e.g. Joint Fraud Taskforce, Financial Fraud Action UK and the Joint Money Laundering Intelligence Taskforce) to agree handover by 01<sup>st</sup> July 2017.

iv. **Trusted KYC Data Sharing**

**Deliverable:** The WG will assist the Forum in undertaking additional analysis to confirm the viability of the solution, including potential delivery by the competitive market.

v. **Enhancement of Sanctions Data Quality**

**Deliverable:** The WG will assist the Forum in engaging with HM Treasury and the Office of Financial Sanctions Implementation (OFSI) to understand how best to take forward this solution

vi. **Customer Awareness & Education**

**Deliverable:** The WG will assist the Forum in identifying the appropriate industry body to take forward the solution. The working group will engage with potential candidates such as the Joint Fraud Taskforce and the new Financial Services Trade Association

vii. **Indirect Access Liability Models**

**Deliverable:** The WG will liaise with stakeholders to understand concerns with the current Joint Money Laundering Steering Group (JMLSG) guidance. The WG will assist the Forum in clarifying specific concerns for consideration by the JMLSG, and subsequent approval of any changes needed by FCA and HM Treasury.

6. **By July 2017**, the WG will develop these solutions either for handover to an appropriate entity or for public consultation.
7. **By July 2017**, the WG develop and agree a plan for the rest of 2017.
8. The WG will engage with the Payments Community and relevant industry bodies to ensure buy-in / support from key stakeholders
9. To meet its scope and deliverables, the WG will establish SGs. The SGs will be responsible for carrying out the detailed work required to progress the deliverables. The SGs will present their work and recommendations to the WG as appropriate.

**Operating principles**

**Chair and membership**

10. It will be the role of the WG Chair:
  - To appoint, with support from the Forum secretariat, the members of the WG, some of who are expected from the wider Payments Community.
  - To ensure their agreed scope, objectives and deliverables are being met.
  - To initiate and ensure the effective and timely delivery of the SGs
  - To report back to the Forum.
11. To ensure alignment with relevant initiatives the WG Chair will ensure the relevant organisations are properly represented.
12. Membership of the WG will be open to anyone from the Payments Community who can demonstrate the technical expertise required and are able to actively contribute resources to the work.
13. The PSR, the FCA and Bank of England should be invited to attend the WG and its Workstreams as observers.

## Resourcing

14. The WG Chair will be responsible for identifying and securing the necessary resource to meet the WG scope, activities and deliverables. The WG will also be able to call on resource/ meaningful support from a 3<sup>rd</sup> party consultant selected by the Forum
15. Project Management and secretariat resource for both the WG and its SGs will be provided by the 3<sup>rd</sup> party
16. Production of meeting papers and the key project outputs / documents will be undertaken by the WG, SGs and the 3<sup>rd</sup> party consultant
17. The WG Chair and Deputy Chair will provide, where practicable, provide dedicated resource from their own organisations
18. Additional technical expertise will be drawn from the Payments Community on a voluntary basis. It will be the role of the Chair to identify the technical expertise required and work with the Forum Secretariat to communicate this to the Payments Community
19. Members of the WG will be expected to actively contribute to one or more of the Editorial Teams. The Chair reserves the right to replace members of the WG if they are not making an active contribution.