

The background of the slide is a blurred photograph of a person's hands using a payment terminal. A semi-transparent logo is overlaid on the image. The logo consists of two overlapping rounded shapes, one yellow and one green, with a white outline. Inside the white outline, the text "payments strategy forum" is written in a white, sans-serif font.

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strategy  
forum

# **Financial Crime, Security and Data Working Group**

Payments Strategy Forum  
30th January 2017



## Summary

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

The plans for these solutions are taking shape. The sections in this pack provide an update on:

- A. summary of approach across all 7 solution proposals;**
- B. the governance, resourcing approach, stakeholder engagement and key risks;**
- C. specific plans for each solution, including objectives for end-Q2 and end of the year.**

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

# A. Summary of approach across all 7 solution proposals

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

Payment Transaction Data Sharing  
and Analytics

KYC Data Sharing and Storage Repository

*'Other' financial  
crime (AML, CTF)*

Financial Crime  
Intelligence Sharing

*Fraud*

Package and handover in Q1

Financial Crime Education and Awareness

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

Technical Guideline for Identity Verification,  
Authentication and Risk Assessment

Simplified Access - Liability models

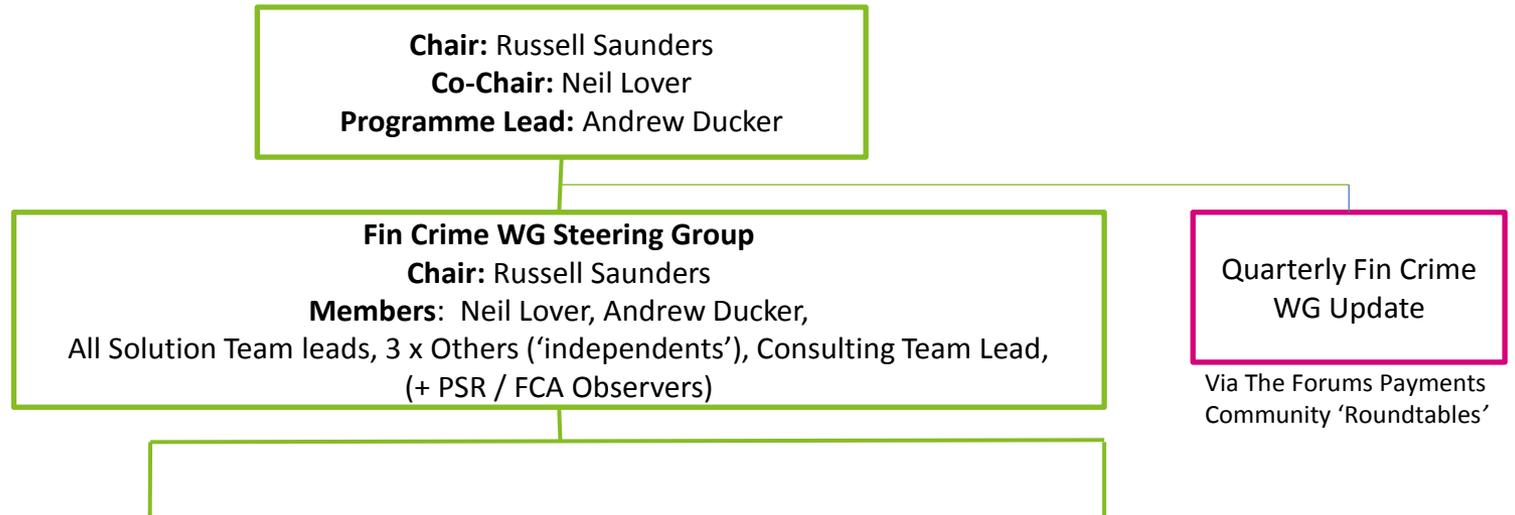
Sanctions Data Quality

Underpinning work

Legal work-stream

# **B: Governance, resourcing, stakeholder engagement and key risks**

# Proposed structure for Financial Crime WG phase 2 (draft)



Core solutions for WG to drive forward

Package and handover in Q1

**Solution Team**  
*Pyt Txn Data Sharing / Analytics*  
ST-Lead + 6 x ST members

**Solution Team**  
*KYC Data Sharing*  
ST-Lead + 6 x ST members

**Solution Team**  
*FC Intelligence Sharing*  
ST-Lead + 6 x ST members

**Solution Team**  
*FC Edu & Awareness*  
ST-Lead + 2 ST members

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

Underpinning work

**Solution Team**  
*Identity Guideline Solution*  
ST-Lead + 6 x ST members

Legal work-stream

**Solution Team**  
*Liability Models for Indirect Access*  
ST-Lead + 6 x ST members

**Solution Team**  
*Sanctions Data Quality*  
ST-Lead + 2 x ST members

# Resourcing plan / engaging with key external parties and initiatives

Payment Transaction Data Sharing and Analytics	<ul style="list-style-type: none"> <li>Resourcing plan is key output for 1-Feb workshop</li> <li>Will be centred on payments community</li> </ul>
KYC Data Sharing and Storage Repository	<ul style="list-style-type: none"> <li>Resourcing plan is key output for 1-Feb workshop</li> <li>Will need to engage with other areas of Financial Services, not only Payments community</li> </ul>
Financial Crime Intelligence Sharing	<ul style="list-style-type: none"> <li>Solution team will involve Forum, FFA-UK, BBA, NCA, NFIB, JMLIT</li> </ul>
Technical Guideline for Identity Verification, Authentication and Risk Assessment	<ul style="list-style-type: none"> <li>Solution team will involve Forum, JFT, JMLSG, FFA-UK, BBA</li> <li>Attendees approached, Initial meeting being planned</li> </ul>
Simplified Access - Liability models	<ul style="list-style-type: none"> <li>Solution team will continue from phase-1, led by Jane Barber</li> </ul>
Sanctions Data Quality	<ul style="list-style-type: none"> <li>Resourcing plan is awaiting outcome of discussions between PSR and HMT</li> </ul>
Financial Crime Education and Awareness	<ul style="list-style-type: none"> <li>FFA are a lead player in planning. Will engage with 'Multi-Agency Campaign Group' run by City of London Police to consider ownership options</li> </ul>

## 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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## Principal Risks

The main risks for progress of the Financial Crime WG are:

1. suitable buy-in is obtained from key stakeholders we have identified, who have not been directly involved in the Forum phase 1;
2. key person reliance: the number of people already in tune with these proposals is relatively small;
3. availability of subject-matter expertise, project resource, and budget are all limited; and timescales to next Forum milestones are a challenge.

# **C. Financial Crime solutions: Approach for Forum Phase 2**

Summary of current draft plans

# Solution: Payments Transaction Data Sharing and Data Analytics

## Plan Summary - Draft

### Summary of strategy proposal:

- Store existing payments transactions data
- High-volume data analytics
- Insights and evidence for fraud, money laundering
- Flexible, adaptable to new MOs

### Key activities for Q1:

1. Planning workshop 1<sup>st</sup> February
2. Identify, agree the relevant participants for the initiative
3. Draft proposal for self-regulating industry body
4. Produce plan to achieve June goals

### Main Goals by end June:

1. Produce draft business and functional requirements
2. Clarify scope of solution: relevant data sets & permissions; other legal aspects; the extent of impact on customer T&Cs
3. Set up the self-regulating industry body to run this initiative
4. Agree delivery/ procurement approach

### Main Goals by December 2017:

1. Finalised business requirements e.g. for the repository; the interfaces to participating FIs; the analytical skill sets;
2. Define, agree the governance arrangements
3. Design process for build/procurement and implementation process and commence procurement/ build

### Resourcing requirements and progress:

- Resource plan will be addressed at 1-Feb workshop
- Solution to be led by Forum WG through to Q3-Q4
- Require a dedicated project lead, and estimate 3-6 team members with specific expertise

# Solution: Trusted KYC Data Sharing and Storage Repository

## Plan Summary - Draft

### Summary of strategy proposal

- Share KYC information, for business customers, among PSPs
- More accurately identify high-risk or bad actors
- Better experience for good actors
- Robust enabling legal framework
- Efficiencies and lower barriers for PSPs

### Key activities for Q1:

1. Planning workshop 1<sup>st</sup> February
2. Define core business/ functional requirements for the solution
3. Define and design the industry project to deliver the initiative (led by Forum, engaging with relevant FS industry parties)
4. Draft plan for build/procurement, with agreement on level of tech spec required

### Main Goals by end June:

1. Define and agree the core requirements for the solution (business/ functional requirements):
2. Decision by Forum on how to proceed
3. Establish the FS industry project to drive this initiative, led by Forum
4. Agree approach to legal issues/ requirements
5. Agree plan for procurement/ build

### Main Goals by December 2017:

1. Procurement process completed and supplier appointed
2. Proof of Concept carried out and completed; first delivery phase under way

### Resourcing requirements and progress:

- Resource plan will be addressed at 1-Feb workshop
- Solution to be led by Forum WG through to Q3-Q4
- Require a dedicated project lead, and estimate 3-6 team members with specific expertise

# Solution: Financial Crime Intelligence Sharing

## Plan Summary - Draft

### Summary of strategy proposal

- Single, highly secure, central industry capability
- Confirmed, attempted, suspected or at-risk events
- Robust enabling legal framework
- Strong security framework

### Key activities for Q1:

1. Define this solution scope/ approach in relation to i) sharing between industry players; and ii) sharing with law enforcement and government
2. Define solution approach for i) fraud and ii) 'other' financial crime, and how the two components will link/ engage
3. Define the linkage between this project and FFA's Data and Information Sharing Strategy initiative
4. Set up Solution Team to lead this work

### Main Goals by end June:

1. Establish and agree financial crime business requirements for what needs to be shared
2. Outline of the potential technical approaches
3. Define solution scope and approach
4. Identify & agree the owning entity, to hand over in Q2

### Main Goals by December 2017:

1. Delivery project approach / plans in place / agreed
2. Set up and commence project to deliver the solution
3. Regular reporting is operational by new owning entity back to Forum
4. Hand over solution to new owning entity (potentially the new Financial Services Trade Association)

### Resourcing requirements and progress:

- Solution Team should consist of FFA-UK, BBA, NCA, NFIB, JMLIT
- Identification of industry lead

# Solution: Guidelines for Identity Verification, Authentication and Risk Assessment

## Plan Summary - Draft

### Summary of strategy proposal

- Inadequate identity management and verification
- A published, non-compulsory guideline; an assessable benchmark
- ACH and card payments; remote of face-to-face

### Key activities for Q1:

1. Establish solution team to lead this work; (planning meeting scheduled for 3 February)
2. Develop, agree, and write up the scope of our identity guideline / specification
3. Identify and engage with potential ownership entities that could take responsibility for delivering this solution
4. Engage fully with parties who have a direct interest in the solution

### Main Goals by end June:

1. Define the scope of our identity guideline / specification
2. Identify and agree the right entity to take responsibility
3. Handover delivery responsibility to the right entity
4. Develop Forum position on strategy for digital identity

### Main Goals by December 2017:

1. New owning entity in place and milestone plan agreed & on track
2. Project to 'Develop and write up the guideline/ specification' is planned, set up, and proceeding on track (e.g. 50% completed)

### Resourcing requirements and progress:

- Establish solution team, inviting participation by Forum WG, JMLSG, FFA-UK, BBA, JFT

# Solution: Enhancement of Sanctions Data Quality

## Plan Summary - Draft

### Summary of strategy proposal

- Quality of the data
- Data management framework
- Industry to engage & support HMT

### Key activities for Q1:

1. Engage with HMT/OFSI to define options for approach and timings
2. Co-ordinate approach with PSR's PSF-secretariat team

### Main Goals by end June:

1. Agree approach with HMT/OFSI; deliver programme plan
2. Ownership agreed with HMT/ Forum/ industry; ownership transferred to new entity

### Main Goals by December 2017:

1. Programme initiative established and in progress, to an agreed plan/ timeline
2. Regular reporting process in place back to Forum/PSR

### Resourcing requirements and progress:

- Not yet known: depends on outcome of discussions between PSR and HMT

# Solution: Customer Education and Awareness

## Plan Summary - Draft

### Summary of strategy proposal

- Deliver engaging fraud and financial crime education campaigns that raise awareness of fraud and financial crime themes and instil a positive change in behaviour
- Delivered through well established and current awareness initiatives such as FFA UK's Take Five to Stop Fraud, FCA's ScamSmart, Home Office's Cyber Aware etc.

### Key activities for Q1:

- Engage closely with Multi Agency Comms Group (MACG), facilitated by CoLP, participants of which are all the main organisations that regularly deliver fraud and financial crime prevention messages to consumers and businesses
- Participants deliver awareness on a wide range of fraud themes (e.g. FFA UK – Take Five campaign) and Financial Crime themes (e.g. FCA – Scamsmart investment scams campaign)

### Main Goals by end June:

- Hand-over achieved to new owning entity
- Evidence of clear progress being made by new owning entity
- Quarterly oversight reports delivered to the Forum, demonstrating progress

### Main Goals by December 2017:

- Evidence of clear progress being made by new owning entity
- Quarterly oversight reports delivered to the Forum, demonstrating progress

### Resourcing requirements and progress:

- Participants of MACG include banks (via FFA UK and BBA), law enforcement, Home Office, Crimestoppers, Get Safe Online, BT, Neighbourhood Watch, Age UK, FCA amongst others
- Those leading on individual campaigns provide funding in line with requirements

# Solution: Liability Models for Indirect Access

## Plan Summary - Draft

### Summary of strategy proposal

- Updated guidance for PSPs together with supporting business and transactional guidance
- Potential for co-ordinated development of Best Practice Guidance to support IPSPs establish working relationships with provider PSPs
- Stay close to HMT's proposals for UK PSD2 Art 36 adoption

### Key activities for end Q1

1. liaise with stakeholders to understand concerns with the current Joint Money Laundering Steering Group (JMLSG) guidance
2. engage with Trade Associations with impacted members to ensure they identify any specific concerns
3. engage with FCA and HMT to secure support for any changes

### Main Goals by end June:

1. Clarify specific concerns for consideration by the JMLSG, and approval of any changes needed by FCA and HM Treasury.
2. Clarify who will deliver the report to JMLSG and agree action and timings to assess the specific concerns identified. This may need to form part of a progressive JMLSG guidance upgrade.

### Main Goals by December 2017:

1. Agreement of a work programme that will address identified concerns
2. Agreement to how progress will be monitored and improvement of outcomes assessed

### Resourcing requirements and progress:

- WG representatives to cover parties with good knowledge of JMLSG guidance and related indirect access issues
- Potential to distribute a survey via trade associations to gain understanding of awareness of JMLSG and any concerns (funding to be sought)

# Discussion and Questions