



HM Government



UK
FINANCE

Economic Crime Plan

2019-22

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Ministerial Foreword



Economic crime is a significant threat to the security and the prosperity of the UK. It impacts all of our society, including our citizens, private sector businesses and the government. Fraud is now one of the most common crimes in the UK, with one in fifteen people falling victim a year. Money laundering enables criminals to profit from some of the most damaging crimes. Bribery and corruption undermine fair competition and are barriers to economic growth, especially in the developing world. Terrorist financing facilitates the atrocities we have suffered here in the UK as well as across Europe and the rest of the world. All economic crimes weaken people's faith in the effectiveness of governmental and commercial organisations.

To ensure the integrity of our financial system, protect our vulnerable people and communities, and attract business to the UK, we must do all in our power to combat economic crime. Last year, the Financial Action Task Force found that the UK had one of the toughest systems for combatting money laundering and terrorist financing of over 60 countries it has assessed to date. Criminals, however, are continuously adapting their methods and we know there is more work to be done.

This Economic Crime Plan represents a step-change in our response to economic crime and will lead our future response to this threat. It builds on the commitments made in the UK's 2016 Anti-Money Laundering and Counter-Terrorist Financing Action Plan, 2017 Anti-Corruption Strategy and 2018 Serious and Organised Crime Strategy to provide a collective articulation of the action being taken by the public and private sectors to ensure that the UK cannot be abused for economic crime.

The ever-evolving and clandestine nature of economic crime means it can only be combatted by harnessing the capabilities, resources, and experience of both the public and private sectors. For the first time, this plan sets out how both sectors will work together to tackle economic crime. The work of the Joint Money Laundering Intelligence Taskforce, which has so far supported over 600 law enforcement investigations, directly contributed to over 150 arrests as well as the seizure or restraint of over £34 million in illicit funds, demonstrates what a successful public-private partnership can achieve. This plan extends such public-private partnership activity to other areas in our response to economic crime.

Collectively, the actions in this plan set out an ambitious agenda to strengthen our whole-system response for tackling economic crime. A greater understanding of the threat, improved transparency of ownership, and better sharing and usage of information will enable the public and private sectors to more efficiently and effectively target their resources. They will also strengthen the resilience of the UK's defences against economic crime through enhanced management of economic crime risk in the private sector and the risk-based approach to supervision. Where criminal activity has been identified, we will have the powers and capabilities to bring the perpetrators to justice and send the message that crime does not pay. This strong domestic action will underpin our efforts to combat economic crime and illicit financial flows at the international level.

To bolster law enforcement capabilities, the government has committed over £48 million in additional funding over 2019/20. This funding will go toward the National Crime Agency's National Data Exploitation Capability and its National Assessments Centre. It will uplift investigative capability and improve capability at a local and regional level to tackle fraud. This resource will also support the continued build of the National Economic Crime Centre, which will be the national authority for the UK's operational response to economic crime, maximising the value of intelligence, and prioritising, tasking and coordinating to ensure the response achieves the greatest impact on the threat.

A key deliverable of this plan is our continued commitment to reform the suspicious activity reporting regime and the UK's Financial Intelligence Unit. As cornerstones of our whole response to economic crime, these must work better to produce richer intelligence and improve operational effectiveness. This plan also sets out our commitment to improving our response to fraud. Fraudsters are responsible for damaging the lives of a vast number of victims and we must be able to respond better to this threat.

Through this plan, the full force of both the public and private sectors will be employed to reduce the impact of economic crime felt by so many and bring to justice those criminals who act with impunity. We are resolute in our mission to protect the security and prosperity of the UK and ensure that the UK does not become a safe-haven for illicit finance. Delivering this response will ensure the UK is a world-leader in tackling economic crime.



Rt Hon Sajid Javid MP
Home Secretary



Rt Hon Philip Hammond MP
Chancellor of the Exchequer

Foreword from UK Finance

Tackling economic crime in partnership with government and law enforcement is a top priority for the finance and banking sector. As the National Crime Agency's National Strategic Assessment says – economic crime affects more UK citizens, more often, than any other national security threat. The criminals responsible exploit some of the most vulnerable in our society to scam them out of their money. They bring drugs and violence to our streets and threaten the fabric of our society. The motivation for their crime is making money.



Similarly, we need to crack down on the corrupt elites who seek to hide the proceeds of corruption in the UK. That is why we regard stemming the flow of illicit finance that underpins serious and organised crime as such a high priority for the UK's banking and finance sector and it is core to the mission of the organisation I chair, UK Finance.

Simply put, we want the UK to be the safest and most transparent place in the world to conduct financial business. To achieve this will require cooperation not just within our sector, but with other key sectors, some of which are not regulated nor participating so enthusiastically in this effort today. Creating the best partnerships across government and business is the way to ensure the UK achieves our objective and continues to be a global leader in financial services. More fundamentally, it is the right thing to do for the society we serve.

We know that the partnership ethos set out in this plan can help us achieve these goals. The private sector spends billions every year fighting economic crime, often taking on responsibility for areas that have traditionally been the role of the state. We have introduced systems such as the Banking Protocol, a rapid scam-response scheme between bank branches and law enforcement, which has prevented almost £50 million of fraud and led to over 400 arrests in the past two years. And the industry sponsored a specialist police unit, the Dedicated Card and Payment Crime Unit, which prevented nearly £100 million of fraud last year and disrupted 11 organised crime gangs.

We are working with the government to deliver our Take Five to Stop Fraud campaign, helping people spot the signs of scams and protect their details and money from getting into the hands of criminals. The Joint Money Laundering Intelligence Taskforce has shown how law enforcement and the financial sector working together can develop better quality intelligence and we are supporting reform of the suspicious activity reporting regime to ensure it delivers far more effective intelligence.

But there is even more we can do and will do. The criminals behind money laundering use sophisticated techniques to target vulnerabilities in the regime. Too often we find ourselves trying to work around the limitations of the current, fragmented system. We need to move beyond operational and sectoral silos and work together in partnership to detect, disrupt and deter the criminals.

We need to develop a more comprehensive and nuanced understanding of different types of economic crime and take a more holistic and joined up approach. I believe this plan will provide the foundations for this effort and help deliver an improved way of working, including a shared understanding of threats, prioritisation and ensuring that there is the right capability and resource across the public and private sector. Given the scale of the threat, we will need to work together to ensure that our collective capability is used more effectively and that there is a proper strategic approach to tackling economic crime.

The private sector needs to play their role as good corporate citizens in supporting this plan, as this impacts all of us and the communities we live in. This is not only about sharing information but also bringing private sector expertise. We will need to innovate in the fight against economic crime, because if we do not use technology, we can be sure that the criminals will stay one step ahead. The government can support us in developing a sustainable resourcing model for economic crime reform, and by ensuring we have the right legal and regulatory frameworks to use share intelligence, data and use technology to reduce economic crime.

We and our members believe the plan and the ethos behind this plan is a positive step forward, but now we have to move into delivery and ensuring the plan is updated as threats evolve. If we do that, we can collectively help make the UK a safer and more transparent place to conduct business and a gold standard for the world in fighting economic crime.

A handwritten signature in black ink, appearing to read 'Bob Wigley', with a long horizontal line extending from the end of the signature.

Bob Wigley
Chairman, UK Finance

Support for the economic crime plan

This economic crime plan was commissioned by the Economic Crime Strategic Board and developed through its main working groups, the Economic Crime Delivery Board and Private Sector Steering Group. The actions contained in the plan are supported by the membership of these groups and, where relevant, the organisations responsible for the delivery of the actions.

Accountancy Affinity Group	Legal Sector Affinity Group
Bank of England	Lloyds Banking Group
Barclays	Morgan Stanley
BDO LLP	NAEA Propertymark
City of London Corporation	National Crime Agency
City of London Police	National Economic Crime Centre
Companies House	National Police Chiefs' Council
Consultative Committee of Accountancy Bodies	National Terrorist Financial Investigation Unit
Crown Office and Procurator Fiscal Service	Nationwide
Crown Prosecution Service	Office of Professional Body AML Supervision
Department of Justice, Northern Ireland	Pay.UK
Financial Conduct Authority	Payment Systems Regulator
Gambling Commission	Pensions Regulator
Government Digital Service	Police Scotland
HSBC	Police Service of Northern Ireland
HM Courts and Tribunal Service	Public Prosecution Service for Northern Ireland
HM Government, led by HM Treasury and Home Office	RBS
HM Revenue and Customs	Santander UK
Information Commissioner's Office ¹	Scottish Government
Institute of Chartered Accountants England & Wales	Serious Fraud Office
Institute of Financial Accountants	Solicitors Regulation Authority
Joint Fraud Taskforce	Standard Chartered Bank
Law Society of England and Wales	UK Finance
Joint Money Laundering Steering Group	Welsh Government

Additional private sector and civil society organisations consulted as part of the development of this plan are set out in **Annex A**.

¹ The ICO will support the Home Office and HM Treasury by attendance at the working group referred to in Action 6, in an observer capacity. ICO representatives may provide advice and guidance from a regulatory perspective, as necessary.

Vision and Context

Introduction

1.1 The UK is one of the world's leading international financial centres with a strong and open economy. The UK's standing as a global financial centre, the ease of doing business, its openness to overseas investment, status as a major overseas investor and exporter and its embrace of new and innovative technologies all create a vulnerability to economic crime. This has a significant impact on the UK's economy, competitiveness, citizens, institutions and reputation. It undermines all three of the government's national security objectives: to protect our people; to project our global influence; and to promote our prosperity.

1.2 Economic crime represents a significant threat to the UK that is ever-changing and evolving. Frequently, economic crime is serious and organised. Serious and organised crime is estimated to cost the UK at least £37 billion each year.² Criminality flourishes when these criminals can launder the proceeds of their illicit activity. The vast scale of money laundering in the UK represents the illicit proceeds of a range of serious crimes including large scale drug dealing and human trafficking. The volume of fraud is immense and growing. The Office of National Statistics estimated there were 3.6 million fraud offences in England and Wales in 2018 alone, with fraud accounting for almost one third of all crime experienced by individuals.³ Terrorism can be financed through funds collected both unlawfully and lawfully. Whilst the raising and moving of funds is not a terrorist's primary aim, it may be an important enabler.

1.3 These crimes not only result in financial gain for their perpetrators, but also leave a trail of victims, causing much harm to individuals and communities and damage to legitimate business. The Home Office estimates that the social and economic cost of fraud⁴ to individuals in England and Wales is £4.7 billion per year⁵ and the social and economic cost of organised fraud against businesses and the public sector in the UK is £5.9 billion.⁶ In 2018, UK Finance estimates that £1.2

² Home Office, The Economic and Social Costs of Crime: Second Edition, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf.

³ Office for National Statistics, Crime in England and Wales: Additional Tables on Fraud and Cybercrime, <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/crimeinenglandandwalesexperimentaltables>.

⁴ Social and economic cost calculations monetise, where possible, the full range of impacts of organised crime. This includes, where possible, costs in anticipation of crime, costs as a consequence of crime and costs in response to crime.

⁵ Home Office, The Economic and Social Costs of Crime: Second Edition, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732110/the-economic-and-social-costs-of-crime-horr99.pdf.

⁶ Home Office, Understanding Organised Crime 2015/16 0 – Estimating the Scale and the Social and Economic Costs Second Edition, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782656/understanding-organised-crime-mar16-horr103-2nd.pdf.

billion was stolen by criminals committing authorised⁷ and unauthorised fraud,⁸ with the banking sector estimated to have prevented a further £1.7 billion in unauthorised fraud.⁹

1.4 Economic crime perpetrated in the UK can also undermine the security and prosperity of other countries. The UK's open economy can be abused when the proceeds of criminality overseas are laundered in the UK through the purchase of property and other assets. The reputation and ease of doing business through UK corporate structures and the UK financial system can also be abused to facilitate the laundering of criminal assets from overseas, even if this money never directly touches the UK. The government is equally determined to tackle both UK-based economic crime that directly damages our economy and society and overseas-based economic crime that undermines the integrity of the UK economy, the UK's reputation and the security and prosperity of overseas countries.

1.5 This government has made significant progress in recognising and prioritising the threat from economic crime and increasing our capability to respond to the threat. We have introduced world-leading reforms to better enable us to combat economic crime, including: the creation of the National Economic Crime Centre (NECC); establishing the Government Counter Fraud Profession; reforms to our policy and legislative framework; and the launch of dedicated public-private initiatives such as the Joint Money Laundering Intelligence Taskforce (JMLIT) and the Joint Fraud Taskforce (JFT). Since its commencement, over £1.8 billion has been taken off criminals using the powers in the *Proceeds of Crime Act 2002*, and billions more have been recovered using deferred prosecution agreements and HM Revenue and Customs' (HMRC) tax powers. Even more importantly, £293 million has been returned to victims.

1.6 Nonetheless, the threat to the UK remains high and is constantly evolving. We need to both embed the reforms we have already delivered and go further still. The wide range of individuals and organisations impacted by economic crime and its often-clandestine nature has meant that the UK's response to economic crime has been disjointed. There has been insufficient coordination and cooperation both within the public and private sectors and between the public and private sectors. There has not been a clear sense of prioritisation. This plan sets out how we can do better.

1.7 Successfully combating economic crime can only be achieved by a public-private partnership. The private sector is the first line of defence and spends substantial sums to prevent economic crime. By preventing this illicit activity from occurring in the first place, we can have a more efficient and effective response to economic crime. The private sector, particularly major financial institutions, holds significant amounts of information and data that enables law enforcement to pursue economic crime. By harnessing the capabilities, expertise and information of both the

⁷ Authorised fraud, also often referred to as Authorised Push Payment (APP) scams, is where a customer is duped into authorising a payment to another account which is controlled by a criminal.

⁸ In an unauthorised fraudulent transaction, the account holder themselves does not provide authorisation for the payment to proceed and the transaction is carried out by a third-party.

⁹ UK Finance, Fraud the Facts 2019, <https://www.ukfinance.org.uk/policy-and-guidance/reports-publications/fraud-facts-2019>.

public and private sectors, we can be a world-leader in the global fight against economic crime.

1.8 To guide our collective response to economic crime, we have agreed a joint vision:

For the public and private sectors to jointly deliver a holistic plan that defends the UK against economic crime, prevents harm to society and individuals, protects the integrity of the UK economy, and supports legitimate growth and prosperity.

1.9 To deliver this vision, this plan sets out our joint response in seven priority areas that were agreed in January 2019 by the Economic Crime Strategic Board, the ministerial-level public-private board charged with setting the UK’s strategic priorities for combatting economic crime. These seven priorities reflect the greatest barriers to combatting economic crime and where we see the most scope for collaborative work between the public and private sectors to improve our response.

Strategic priorities
Develop a better understanding of the threat posed by economic crime and our performance in combatting economic crime
Pursue better sharing and usage of information to combat economic crime within and between the public and private sectors across all participants
Ensure the powers, procedures and tools of law enforcement, the justice system and the private sector are as effective as possible
Strengthen the capabilities of law enforcement, the justice system and private sector to detect, deter and disrupt economic crime
Build greater resilience to economic crime by enhancing the management of economic crime risk in the private sector and the risk-based approach to supervision
Improve our systems for transparency of ownership of legal entities and legal arrangements
Deliver an ambitious international strategy to enhance security, prosperity and the UK’s global influence

1.10 These elements are interrelated and the reform of each will improve and strengthen our overall system response to economic crime. By reforming our suspicious activity reporting (SARs) regime and the UK Financial Intelligence Unit (UKFIU), we can ensure we have the right information to combat economic crime. Through improving our understanding of the threat, powers and capabilities, we can enhance our law enforcement response to economic crime. Through enhanced risk-based supervision and private sector risk management and reforms to Companies House, we can prevent economic crimes from occurring and better enable their detection. Reforming our regime domestically gives us the platform to combat

economic crime internationally. If one area fails, it will undermine success of other areas and the effectiveness of the system as a whole.

What is economic crime?

1.11 To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts.

Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality;
- damages our financial system and harms the interests of legitimate business;
- undermines the integrity of the UK's position as an international financial centre; and
- poses a risk to the UK's prosperity, national security and reputation.

1.12 This definition is broader than terms such as 'financial crime'¹⁰ or 'white-collar crime' to provide a holistic response to the following types of criminality:

- fraud against the individual, private sector and public sector;
- terrorist financing;
- sanctions contravention;
- market abuse;¹¹
- corruption and bribery; and
- the laundering of proceeds of all crimes.

1.13 The recovery of criminal and terrorist assets is also in scope of this plan. Proceeds-generating crimes such as drug trafficking or human trafficking, are not covered by this plan as they are not economic crimes. However, projects relating to the laundering of the proceeds of these crimes are in scope. Projects relating specifically to tax evasion and related fiscal fraud are not in scope, except where

¹⁰ Financial crime, for example, is defined by the *Financial Services and Market Act 2000* to include offences relating to fraud, market abuse, money laundering and terrorist financing (section 1H).

¹¹ For the purposes of this document, market abuse encompasses the criminal offences of insider dealing, making misleading statements and making misleading impressions.

they focus on the money laundering element of the offending.¹² While cyber-related economic crimes fall within scope of this plan, more work needs to be done on how the economic crime governance aligns with the broader cybercrime governance (see Action 50).

The threat of economic crime

1.14 Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters. While they are not victimless crimes, economic crimes such as money laundering, corruption and bribery and sanctions contravention are typically clandestine, making detection and measurement challenging. The laundering of proceeds of crime is a key enabler of most serious and organised crime impacting the UK. The threat is also continuously evolving, impacted by the emergence of new technologies, services and products such as cryptoassets.

1.15 We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow. Reported fraud is increasing in volume and remains significantly underreported. The numbers of fraud offences in England and Wales rose by 12% during 2018 alone, standing at 3.6 million – constituting a third of all crimes in the UK.¹³ No reliable estimate exists for the scale of money laundering impacting the UK annually – but it is likely to be tens of billions of pounds. The challenges in distinguishing trading based on inside information or trading that is manipulative from the large volume of legitimate trading undertaken each day makes it difficult to quantify the overall scale of market abuse, although its prevalence in UK markets is not considered to be out of line with other major financial centres.

1.16 Cash-based money laundering, including through the use of money mules¹⁴ and money service businesses, remains a significant threat. Substantial funds are also laundered via capital markets and through trade-based money laundering, reflecting the use of complex financial systems, professional enablers and insiders for high-end money laundering. Misuse of cryptoassets and alternative banking platforms are also being used to obscure ownership of assets.

1.17 The abuse of the UK financial system, corporate structures and professional services to launder the proceeds of crime from the UK and abroad continues to harm the UK's reputation. UK corporate structures are frequently misused in the most

¹² The government's approach to tackling tax avoidance, evasion and other forms of tax non-compliance is set out here: <https://www.gov.uk/government/publications/tackling-tax-avoidance-evasion-and-other-forms-of-non-compliance>.

¹³ Office for National Statistics, Crime in England and Wales: Additional Tables on Fraud and Cybercrime, <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/crimeinenglandandwalesexperimentaltables>.

¹⁴ Money mules are intermediaries for criminals and criminal organisations who, sometimes unwittingly, help to move proceeds of crime.

prominent money laundering scandals – such as those in the ‘Global Laundromat’ reporting. The use of UK trust and company service providers remains a key enabler of the circumvention and contravention of financial sanctions.

Professional enablers and insiders

Professional enablers can be complicit, negligent or unwitting, but are key facilitators in the money laundering process and often crucial in integrating illicit funds into the UK and global banking systems. Some types of money laundering, and in some instances the predicate offence (e.g. fraud), necessitate the services of professionals. Within the professional services sector, the criminal exploitation of accounting and legal professionals – particularly those involved with trust and company service provision – poses the greatest money laundering threat as these professionals can be used to set up corporate structures which enable high-end money laundering. Corrupt individuals, particularly those inside financial institutions, also pose a threat.

1.18 Sanctions contravention directly impacts the UK by undermining the integrity of the financial system, potentially contributing to the funding of terrorism, and to the proliferation of weapons of mass destruction. The true scale of sanctions contravention is difficult to measure and to separate from other types of financial crime. However, from April 2017 to March 2018, the Office of Financial Sanctions Implementation received 122 reports of suspected breaches of financial sanctions, with a reported value of £1.35 billion.¹⁵

1.19 UK contractors continue to pay bribes overseas to conduct business and improperly secure contracts. Mining and extractive industries remain those most vulnerable to bribery, in particular oil and gas. A further notable bribery and corruption risk exists in the overseas development sector, with UK contractors having paid bribes to secure development contracts. Such corrupt practices present a significant reputational risk to the UK.

1.20 Unlike most other economic crimes, the raising and moving of funds is not a terrorist’s primary aim, although it may be an important enabler for their activities. There is no single typology of financial activity associated with terrorist groups or individuals. Nonetheless, terrorists depend on financial flows to self-sustain, plan and execute acts of terrorism and finance and maintain their networks. They may also rely on money to finance travel, pay for false documents, maintain safe houses, pay bribes, commit fraud, conduct training and deliver propaganda, radicalisation and recruitment campaigns. Funds for UK domestic terrorism are usually raised in small amounts often by legitimate means (e.g. salaries), but could also include fraud or other proceeds of crime.

1.21 As the UK prepares to leave the European Union, it is possible that criminals will seek to exploit changes created by the UK’s departure. Without pre-emptive measures, changes affecting border controls, tariffs, trade and other economic

¹⁵ Office of Financial Sanctions Implementation, OFSI Annual Review: April 2017 to March 2018, <https://www.gov.uk/government/publications/ofsi-annual-review-april-2017-march-2018>.

activity may potentially lead to an increase in the fraud and money laundering threats. The UK's departure may also affect UK businesses seeking to expand into jurisdictions beyond Europe. By engaging with new markets and industry sectors that are commonly affected by corruption, the foreign bribery threat may increase. However, through our preparations for the UK's exit, the government will ensure that criminals are prevented from taking advantage of changes.

1.22 To inform the preparation of this plan, the NCA's National Assessments Centre (NAC), supported by the NECC, led the UK's first public-private sector threat assessment of economic crime, focusing on money laundering, fraud and international bribery. This is a pilot project, from which lessons learned and best practices will be drawn to inform the UK's response to serious and organised economic crime. The threat assessment highlighted several areas of particular concern across both sectors, including:

- the need for more information and intelligence sharing;
- the use of money mules and their recruitment via social media;
- the threat from corrupt professional enablers and insiders;
- the role of technology and innovation in addressing or creating new threats; and
- the abuse of corporate structures.

1.23 The response to these threats is set out in the plan. As part of its role bringing together the overall response to serious and organised economic crime, the NECC will ensure the findings of the first public-private threat update are reflected in law enforcement's operational response (see Action 21).

The economic crime response framework

1.24 The government's response to economic crime is led by HM Treasury and the Home Office, with key responsibilities also held by the Department for Business, Energy and Industrial Strategy, the Ministry of Justice, the Attorney General's Office, the Cabinet Office, the Department for International Development, the Foreign & Commonwealth Office (FCO) and many others. The Scottish Government is responsible for criminal justice policy in Scotland. In Northern Ireland, criminal justice policy is overseen by the Department of Justice. More detail on the agencies and organisations involved in tackling economic crime is set out in **Annex B**.

1.25 The NCA leads and co-ordinates the response to serious and organised crime in England and Wales and hosts the UKFIU, the NECC and the NAC. The NECC is a collaborative, multi-agency centre that was established on 31 October 2018 to deliver a step-change in the response to tackling serious and organised economic crime. The NECC brings together law enforcement agencies, including the NCA, Serious Fraud Office (SFO), HMRC, Financial Conduct Authority (FCA), Crown Prosecution Service (CPS) and the City of London Police as the national police lead for fraud in England and Wales. It also houses government departments, regulatory bodies and the private sector to create a shared objective of driving down serious and organised economic crime across the whole community. The NECC will work in partnership with the 43 English and Welsh police forces and the nine Regional Organised Crime Units, as well as Action Fraud and the National Fraud Intelligence

Bureau hosted in the City of London Police. The Metropolitan Police Service host the National Terrorist Financial Investigation Unit, which is the UK's strategic operational lead for terrorist finance.

1.26 The policing response to serious and organised crime is a devolved matter. In Scotland, the Crown Office and Procurator Fiscal Service, which operates under the authority of the Lord Advocate, is the sole prosecuting authority, responsible for the investigation and prosecution of crime.¹⁶ Police Scotland is the single police force in Scotland, and works closely with the NCA, HMRC, the FCA and other relevant agencies in investigating economic crime. The Scottish Crime Campus is a multi-agency centre, established by the Scottish Government in 2015, which accommodates the key agencies involved in tackling economic crime in Scotland.

1.27 The Police Service of Northern Ireland is the lead operational agency for serious and organised crime in Northern Ireland and the NCA and other UK law enforcement agencies work closely with them. The Public Prosecution Service for Northern Ireland is the prosecuting authority.

1.28 The UK has 25 anti-money laundering and counter-terrorist financing (AML/CTF) supervisors appointed by HM Treasury under the *Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017* (MLRs). There are three statutory supervisors, the FCA, HMRC and the Gambling Commission, and 22 professional body accountancy and legal supervisors. The Office for Professional Body AML Supervision is an oversight body for the legal and accountancy professional body supervisors. The Office of Financial Sanctions Implementation helps to ensure that financial sanctions are properly understood, implemented and enforced in the United Kingdom.

1.29 The Cabinet Office leads the public sector response to fraud. It has invested in developing the evidence base for public sector fraud, including estimates of the level of fraud loss. These are published every year in the government's Fraud Landscape Report.¹⁷ In addition, it has set out the basics that all public bodies should have in place to deal with fraud and economic crime, and publishes departmental compliance with this every year. In 2018, the government launched the Government Counter Fraud Profession for those working in the public sector to fight fraud. Through this, the Cabinet Office is transforming capability across government to enable public bodies to better fight economic crime.

1.30 The private sector organisations involved in our response to economic crime are even more diverse, in terms of numbers, capabilities and roles. While all private sector organisations may be vulnerable to economic crime, key stakeholders for the plan include those businesses with obligations under the MLRs, such as those within the banking, finance, money service, accountancy, legal and real estate sectors ('regulated firms'), and sectors engaged in the delivery of certain elements to tackle fraud, such as telecommunications.

¹⁶ The responsibilities of the Lord Advocate and the Crown Office and Procurator Fiscal Service apply to crimes which are reserved (e.g. money laundering) and to crimes which are devolved (e.g. fraud, embezzlement, bribery).

¹⁷ Cabinet Office, Cross-Government Fraud Landscape Annual Report 2018, <https://www.gov.uk/government/publications/cross-government-fraud-landscape-annual-report-2018>.

1.31 The UK's current response to economic crime includes several collaborative public-private partnerships targeting specific economic crime threats. This includes JMLIT, the JFT and the Dedicated Card and Payment Crime Unit (DCPCU). As detailed below, these partnerships have led to real results in combatting economic crime.

Results delivered through public-private partnership work

Joint Money Laundering Intelligence Taskforce	Joint Fraud Taskforce	Dedicated Card and Payment Crime Unit
<ul style="list-style-type: none"> • Established in 2015 to exchange and analyse financial information relating to money laundering and other economic crime threats. • Hosted by the NCA, it consists of 40 financial institutions, HMRC, SFO, City of London Police, the Metropolitan Police Service, the FCA, and Cifas. • Since its inception, JMLIT has supported and developed over 600 law enforcement investigations which have directly contributed to over 150 arrests and the seizure or restraint of over £34 million. 	<ul style="list-style-type: none"> • The JFT is a partnership between banks, law enforcement and government to deal with fraud. • JFT continues to build on successful initiatives such as the banking protocol, which is a partnership between UK Finance members and policing. The JFT has supported the roll-out of this initiative to all 45 territorial police forces. It has prevented over £48 million from falling into fraudsters' hands and has led to over 400 arrests since its introduction in October 2016. 	<ul style="list-style-type: none"> • The DCPCU is fully sponsored by the banking industry and works to identify and target the organised crime groups responsible for card and payment crime. • It is a partnership between City of London Police, the Metropolitan Police Service, UK Finance and the Home Office. • DCPCU prevented an estimated £94.5 million of fraud in 2018: a new record high. This brings the unit's total estimated savings from reduced fraud activity to £600 million since it was established in April 2002.

Our progress to date

1.32 The government published the Serious and Organised Crime Strategy in November 2018.¹⁸ Scotland and Northern Ireland have also published their own respective strategies.¹⁹ In alignment with the UK's Serious and Organised Crime Strategy, this plan sets out the collective response of the public and private sectors against economic crime specifically.

1.33 The plan also sits alongside the 2017 Anti-Corruption Strategy.²⁰ Although it does not seek to duplicate actions in that Strategy, it is complementary and seeks to support a number of the same approaches including working with international partners and protecting the UK as a leading financial centre. Given the government's commitment to drive up the recovery of proceeds of crime in relation to all criminality,

¹⁸ Home Office, Serious and Organised Crime Strategy 2018, <https://www.gov.uk/government/publications/serious-and-organised-crime-strategy-2018>.

¹⁹ Scottish Government, Serious Organised Crime Strategy 2015, <https://www.gov.scot/publications/scotlands-serious-organised-crime-strategy/>; Organised Crime Task Force, The Northern Ireland Organised Crime Strategy 2016, <https://www.octf.gov.uk/Publications/N-I-Organised-Crime-Strategy>.

²⁰ Department for International Development and the Home Office, UK Anti-Corruption Strategy 2017-2022, <https://www.gov.uk/government/publications/uk-anti-corruption-strategy-2017-to-2022>.

the 2019 Asset Recovery Action Plan is published alongside this plan. It sets out the actions that are being taken forward to fulfil the government's ambition of seeing a return to year on year increases in the recovery of criminal property and assets.²¹

1.34 The plan incorporates our response to several recent reports. It builds on the government's 2016 AML/CTF Action Plan.²² The 2016 action plan led to a number of reforms to the UK's AML/CTF regime, which was evaluated in 2018 by the Financial Action Task Force's (FATF) mutual evaluation report (MER).²³ Altogether, the findings of the MER showed that the UK has the strongest overall AML/CTF regime of over 60 countries assessed to date. In particular, the MER praised the UK's understanding of risk, response to terrorist financing and our targeted financial sanctions regime. The MER also underlines the importance of our ongoing efforts to develop the UK's AML/CTF regime, particularly in relation to the UKFIU and the SARs regime, AML/CTF supervision, industry implementation of AML/CTF obligations and Companies House reform. Similar findings were made in the Treasury Select Committee's report on its inquiry into economic crime, which was published on 8 March 2019.²⁴

1.35 The UK also underwent a review of its compliance with the United Nations Convention against Corruption (UNCAC) in 2017/18, focusing on prevention of corruption (including money laundering) and asset recovery.²⁵ Overall, the UK received a positive review from the UNCAC reviewers. UNCAC issued ten recommendations and this plan will address those on the evidence base of corruption, SARs, asset recovery and money laundering. The government response to the other recommendations will be addressed separately as part of the government's implementation of the Anti-Corruption Strategy.

1.36 In March 2019, the UK updated the Organisation for Economic Co-operation and Development (OECD) Working Group on Bribery on the implementation of the recommendations contained in the UK's 2017 Phase 4 review of the OECD Anti-Bribery Convention. The UK provided a two-year update which outlined the significant progress against many of the key recommendations for the UK such as enhancing law enforcement co-operation and engagement with the private sector. The UK received a favourable review from the OECD and will work to implement the outstanding recommendations before its next update in March 2021. In the same month, the House of Lords Bribery Act Committee recommended the *Bribery Act*

²¹ Home Office, Asset Recovery Action Plan, <https://www.gov.uk/crime-justice-and-law/crime-prevention>.

²² HM Treasury and Home Office, Action Plan for Anti-Money Laundering and Counter-Terrorist Finance, <https://www.gov.uk/government/publications/action-plan-for-anti-money-laundering-and-counter-terrorist-finance>.

²³ Financial Action Task Force, Mutual Evaluation Report of the United Kingdom, <http://www.fatf-gafi.org/countries/u-z/unitedkingdom/documents/mer-united-kingdom-2018.html>.

²⁴ Treasury Select Committee, Economic Crime – Anti-Money Laundering Supervision and Sanctions Implementation, <https://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/inquiries1/parliament-2017/economic-crime-17-19/>.

²⁵ United Nations Office on Drugs and Crime, Country Review Report of the United Kingdom, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/778366/UK_Final_country_review_report_18.3.2013.pdf.

2010 as an exemplary piece of anti-corruption legislation.²⁶ The recommendations made in their final report cover issues such as improving awareness of the Act and its accompanying guidance amongst small and medium enterprises.

1.37 In April 2019, Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) released its report on the police response to fraud in England and Wales. It found that although the current fraud policing model of local and regional investigations supported by national functions is the right one, significant improvements are required to ensure it works more effectively and efficiently.²⁷

1.38 Where appropriate, this plan incorporates our response to the recommendations from these reports.

Projects and commitments

1.39 To develop this plan, representatives from the public and private sectors have worked together to identify threats and agree the ambition of our collective response to tackle these threats. As detailed in **Table 1**, we have set ourselves a set of ambitious targets, which we will seek to deliver under best endeavours. We do not underestimate the challenges of doing so given the ever-evolving threat of economic crime, the complexities of the issues we are seeking to resolve, and the unique way of working that we are pursuing through this public-private partnership.

1.40 Some of the actions in this plan are aimed at targeting economic crime holistically, while others are focused on specific threats, particularly money laundering and fraud. There is substantial work to be done to ensure the policy and operational response to money laundering and fraud are appropriately linked, as they often deal with similar issues but have different corporate histories, governance, stakeholders and information-sharing arrangements. This is not to minimise the importance of the UK's response to other economic crime threats. For crimes such as terrorist financing and sanctions contravention, the FATF found the UK's existing policy and operational response was highly effective with only minimal reforms necessary. For bribery and corruption, a large body of work aimed at enhancing the UK's response is being led through the implementation of the 2017 Anti-Corruption Strategy.

The private sector will be heavily involved in helping deliver the plan. In agreeing the organisations responsible for leading on actions however, there are challenges in reflecting all the firms involved. Given this is a new way of working and the breadth of firms in the private sector, it is not possible to easily list all the parts of the private sector involved. We have sought, wherever possible, to use relevant industry bodies to indicate the parts of the private sector most directly involved. In addition, the representative private sector bodies named in the plan have agreed to work together to develop governance and mechanisms for regulated firms that will allow them to engage and convene their members to support the plan.

²⁶ Bribery Act 2010 Committee, The Bribery Act 2020: Post-Legislative Scrutiny, <https://www.parliament.uk/business/committees/committees-a-z/lords-select/bribery-act-2010/news-parliament-2017/bribery-act-2010-report-publication/>.

²⁷ Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services, Fraud: Time To Choose, <https://www.justiceinspectors.gov.uk/hmicfrs/wp-content/uploads/fraud-time-to-choose-an-inspection-of-the-police-response-to-fraud.pdf>.

Table 1: Agreed actions for economic crime plan

Action	Responsible organisation(s)	Due date
Understanding the threat and performance metrics		
1. Undertake collective threat assessments	NAC with support of NECC, UK Finance, Legal Sector Affinity Group (LSAG), Accountancy Affinity Group (AAG), HM Treasury (HMT), Home Office	Ongoing
2. Develop a fully operational performance system to measure what works	Home Office, UK Finance, NECC, JFT	July 2020
3. Conduct new National Risk Assessments on money laundering, terrorist financing and proliferation financing	HMT, Home Office	July 2020
4. Better understand the threat and performance in combatting public sector fraud	Cabinet Office	Ongoing
5. Resolve evidence gaps through a long-term research strategy	Home Office, with support of NECC, HMT, Ministry of Justice	December 2019
Better information-sharing		
6. Review barriers to information-sharing, powers and gateways	Home Office, HMT, with support of NECC, UK Finance, Information Commissioner's Office, ²⁸ LSAG, AAG, Department for Digital, Culture, Media and Sport	March 2020
7. Promote sharing of information in corporate groups	Home Office, HMT	March 2020
8. Expand and enhance public-private information-sharing through JMLIT	NECC, HMT	July 2020
9. Improve information-sharing between AML/CTF supervisors and law enforcement	NECC, UKFIU, OPBAS, with support of AML/CTF supervisors, LSAG, AAG	Ongoing
10. Promote information-sharing in relation to fraud	Home Office, Cabinet Office	December 2020
Powers, procedures and tools		
11. Implement the Asset Recovery Action Plan	Home Office, law enforcement agencies	July 2022

²⁸ The ICO will attend the working party in an observer capacity. ICO representatives may provide advice and guidance from a regulatory perspective as necessary

Action	Responsible organisation(s)	Due date
12. Consider legislative changes to improve the Proceeds of Crime Act	Home Office	December 2021
13. Transpose the Fifth Money Laundering Directive	HMT	January 2020
14. Implement the Disclosure Review recommendations	AGO, CPS, NPCC	December 2019
15. Consider tactical targeting orders	Home Office, HMT, UKFIU	July 2020
16. Develop framework to repatriate funds to victims of fraud	Home Office, with support of JFT, UK Finance	December 2021
17. Clarify sanctions supervision powers	HMT, with support of AML/CTF supervisors, LSAG, AAG	July 2020
18. Review the criminal market abuse regime	FCA, HMT	July 2021
19. Investigate power to block listings on national security grounds	HMT	June 2020
Enhanced capabilities		
20. Continue to develop the NECC as a genuine public-private hub for combatting serious and organised economic crime	NECC	July 2021
21. Understand and enhance capabilities	NECC, Cabinet Office, UK Finance	July 2020
22. Develop public-private action plans to combat economic crime threats	NECC, Home Office, HMT, UK Finance	January 2020
23. Develop a sustainable, long-term resourcing model for economic crime reform	Home Office, with support of HMT, NCA, UK Finance, Cabinet Office	March 2020
24. Launch flagship economic crime court in central London	HM Courts and Tribunal Service, Ministry of Justice, with support of City of London Corporation	Ongoing
25. Consider how the payments systems can help tackle economic crime	Pay.UK, with support of Payment Systems Regulator, FCA, HMT, UK Finance; Bank of England	2021
26. Improve the policing response to fraud	Home Office, with support of City of London Police, NECC	March 2020
27. Improve support for victims of fraud	Home Office	August 2020
28. Close the vulnerabilities that criminals exploit to conduct fraud	JFT	December 2020

Action	Responsible organisation(s)	Due date
29. Build our Government Counter Fraud Profession	Cabinet Office	April 2021
30. Deliver first tranche of SARs IT transformation and design the target operating model for the future of the SARs regime	SARs Transformation Programme, NCA, Home Office, with support of HMT	December 2020
31. Deliver greater feedback and engagement on SARs	SARs Transformation Programme, UKFIU, Home Office	2020
32. Ensure the confidentiality of the SARs regime	Home Office, UKFIU, with support of HMT	December 2019
Risk-based supervision and risk management		
33. Review the MLRs and OPBAS regulations	HMT	June 2022
34. Enhance FCA supervision and engagement	FCA, with support of Pensions Regulator	March 2021
35. Enhance HMRC supervision	HMRC, with support of OPBAS, HMT	March 2021
36. Strengthen the consistency of professional body AML/CTF supervision	OPBAS, accountancy and legal professional body supervisors	March 2021
37. Establish the FCA as the supervisor of the future cryptoassets AML/CTF regime	FCA	January 2020
38. Support innovation in regulatory compliance for AML/CTF	FCA, HMT, UK Finance with the support of Home Office, Corporation of the City of London	Ongoing
39. Enhance firms' holistic response to economic crime	UK Finance, with support of other relevant industry associations	Ongoing
40. Promote digital identity services	HMT, with support of the Digital Identity Unit, Joint Money Laundering Steering Group, HMRC, Gambling Commission, LSAG, the Consultative Committee of Accountancy Bodies	October 2019
41. Education and awareness-raising on economic crime threats and the recovery of criminal assets	NECC, UK Finance, Home Office with support of LSAG, AAG	December 2019
Transparency of ownership		
42. Reform Companies House	BEIS, with support of Companies House	Ongoing

Action	Responsible organisation(s)	Due date
43. Introduce a requirement to report discrepancies of beneficial ownership information	HMT	January 2020
44. (i) Enhance transparency of overseas ownership of UK property and (ii) reform limited partnerships	(i) BEIS, with support of Companies House (ii) BEIS	(i) 2021 (ii) Ongoing
International strategy		
45. Improve understanding of the nature and impact of the international threat	NECC, UKFIU, Home Office, DFID	Ongoing
46. Joint work on meeting international standards	Home Office, HMT, UK Finance, DFID, with support from Corporation of the City of London, FCO, Government Digital Service	Ongoing
47. Enhance overseas capabilities	DFID, International Centre of Excellence, Home Office, DFID, FCO, FCA, HMRC, Gambling Commission, HMT, OPBAS, NECC, UKFIU, Cabinet Office	Ongoing
48. Strengthen capability to investigate and prosecute bribery and corruption overseas	DFID, NCA, CPS, FCO	Ongoing
49. Promote integrity in business internationally	DFID, Department for International Trade, FCO, with support from Corporation of the City of London	Ongoing until 2021
Governance and public-private partnership		
50. Review the economic crime governance	Home Office, HMT	September 2019
51. Develop stronger public-private and private-private partnerships	Home Office, HMT, UK Finance with support from LSAG, AAG, Corporation of the City of London	Ongoing
52. Enhance engagement with civil society	Home Office, HMT	Ongoing

Strategic Priority One: Understanding the Threat and Performance Metrics

Objective

Develop a better understanding of the threat posed by economic crime and our performance in combatting economic crime

Introduction

2.1 The clandestine nature of most economic crimes presents substantial challenges in developing an effective response. Economic crimes can involve complex methodologies that are continuously changing as criminals and terrorists identify and exploit new vulnerabilities in society. Accordingly, we must have a comprehensive and up-to-date understanding of the threat of economic crime. A better understanding of the threat plays a key role in enabling the public and private sectors to collectively prioritise the policy reforms and operational activity that deliver the highest impact in combatting economic crime.

2.2 The UK conducts a range of threat and risk assessments to develop our understanding. The 2016 AML/CTF Action Plan made closing intelligence gaps a priority. The NCA's National Strategic Assessment assesses the economic crime threats facing the UK on an annual basis.²⁹ As required under the MLRs, the UK also conducts periodic national risk assessments (NRAs) of money laundering and terrorist financing, which provide an overview of the risks and likelihood of an activity occurring.³⁰ The NRA is the definitive high-level assessment of money laundering and terrorist financing risk in the UK. AML/CTF supervisors and regulated firms must take NRAs into account when conducting their own risk assessments of the specific money laundering and terrorist financing risks faced by their sectors or business. Agencies, including the NCA, HMRC, SFO, FCA and policing, also conduct their own sectoral and threat-focused assessments on economic crime.

2.3 Despite this ongoing work, gaps remain in our current collective understanding of the threat of economic crime. To address this, we will take a strategic approach to address gaps in our evidence base for different types of economic crimes and limitations in the data and statistics we collect. In 2019, the National Assessments Centre conducted the first formal public-private economic

²⁹ National Crime Agency, National Strategic Assessment of Serious and Organised Crime 2019, <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/296-national-strategic-assessment-of-serious-organised-crime-2019/file>.

³⁰ HM Treasury and Home Office, National Risk Assessment of Money Laundering and Terrorist Financing 2017, <https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2017>.

crime threat assessment and this process will be built upon in the future. We will expand our NRAs to include a wider range of economic crimes by producing our first ever NRA on proliferation financing. We will also continue work to better understand the threat of public sector fraud and ensure public sector organisations develop risk assessments of the fraud risks that they face.

2.4 We also need to ensure that we can measure the impact of our collective actions to tackle economic crime through a more rigorous framework for measuring performance. By improving our collective understanding of the threat and our performance, we can better ensure that our operational and policy response to economic crime is targeted at the highest priority threats and that we are prioritising the most effective tools.

The public-private partnership

2.5 There is substantial scope for greater public-private collaboration in understanding the threat of economic crime. The public and private sectors are already producing joint threat assessments on economic crime. Having analysts from the public and private sectors sharing knowledge and expertise allows a much more comprehensive and nuanced understanding of the threat. A better understanding of the threat ensures that both sectors are able to better identify illicit activity and ensure that activity is focused on the highest priority threats. This improves the preventive measures the private sector deploys to stop crime in the first place, as well as enhancing the law enforcement response. Measuring performance will also help demonstrate what actions have the greatest impact in combatting economic crime.

Projects and Commitments

Action 1: Undertake collective threat assessments

2.6 The **NAC**, supported by the **NECC**, **UK Finance**, the **Legal Sector Affinity Group (LSAG)**, **Accountancy Affinity Group (AAG)** and other public and private sector partners, will build on the first public-private threat update by undertaking further joint strategic assessments on economic crime. Updates on the overall serious and organised economic crime threat will be supported by a programme of regular and more detailed thematic and sectoral assessments focused on specific areas of economic crime which may benefit from joint analysis, such as the property sector or high-risk jurisdictions. The thematic assessments will further improve the evidence base upon which NRAs are conducted.

2.7 For the system to work effectively, our operational understanding of the threat needs to consistently inform the government's policy response and the approach of regulators. **HM Treasury** and **Home Office** will establish a quarterly forum to consider the policy implications of the latest understanding of the threat arising from the work detailed above. The first forum will be held by September 2019.

Action 2: Develop a fully operational performance system to measure what works in combatting economic crime

2.8 To fully measure the efforts in the public and private sectors in disrupting economic crime, the **Home Office** will lead an outcome-based approach and develop performance indicators to monitor activities being undertaken to tackle economic crime. A baseline will be in place by December 2019 and the performance system will be fully operational by July 2020. **UK Finance** will lead other relevant industry bodies in developing performance indicators for the private sector.

2.9 Performance work will involve mapping data which is already collected and held by the public and private sectors, leveraging pre-existing work to obtain information from agencies and considering 'what good looks like' and 'what works' in combatting economic crime. The **NECC** will lead on collecting performance data from law enforcement for serious and organised economic crime, and the **JFT** will develop a performance framework to understand what actions are having the greatest impact on fraud reduction.

Action 3: Conduct new National Risk Assessments on money laundering, terrorist financing and proliferation financing

2.10 **HM Treasury** and **Home Office** will lead the production of a third NRA on money laundering and terrorist financing by July 2020. The public-private threat assessments outlined in Action 1, including more detailed sectoral assessments, will further enrich the evidence base for future NRAs. HM Treasury and Home Office will continue to enhance the transparency of the NRA methodology to ensure the NRA's conclusions are widely understood and accepted.

2.11 Following the 2015 Strategic Defence and Security Review³¹ and development of the National Counter-Proliferation Strategy 2020, combating the financing of the proliferation of weapons of mass destruction has been at the centre of the UK's broader counter-proliferation efforts.

2.12 The UK's status as a global financial and insurance centre with significant cross-border linkages, means that it continues to face a wide range of proliferation financing risks. **HM Treasury** will therefore lead the production of the UK's first NRA on proliferation financing for release by July 2020.

Action 4: Better understand the threat and performance in combatting public sector fraud

2.13 In the public sector, the **Cabinet Office** will work with government departments and arms-length bodies to help them continue to develop fraud risk assessments that detail the risks they face, as part of their work to meet the Counter Fraud Functional Standard. Government departments and arms-length bodies will continue to develop and deliver annual action plans, detailing activity each year to

³¹ HM Government, National Security Strategy and Strategic Defence and Security Review 2015, <https://www.gov.uk/government/publications/national-security-strategy-and-strategic-defence-and-security-review-2015>.

develop their counter fraud and economic crime response. Alongside these, they will develop outcome-based metrics demonstrating their performance and impact.

Action 5: Resolve evidence gaps through a long-term research strategy

2.14 An important part of building our capacity to respond is improving our evidence base. Good quality and robust research is fundamental to ensuring a comprehensive understanding of the threat and the most effective and efficient targeting of resources. To this end, the **Home Office**, working with the **NECC** and other key partners, will produce a long-term research strategy by December 2019, setting out the key evidence gaps in our understanding of the threat from economic crime.

2.15 This long-term research strategy will seek to map existing work that is being planned or carried out by key partner agencies; prioritise evidence gaps which will deliver the greatest value-add in our understanding of the threat; and, will focus on improving our awareness of the nature, extent, and threat of various types of economic crime. Developing the evidence base cannot be achieved by government or law enforcement alone. We will work with partners from academia, industry and elsewhere to tackle the research questions that most clearly support implementation of this action.

2.16 The strategy will include policy work, led by the Home Office in conjunction with **HM Treasury** and the **Ministry of Justice**, to review whether the statistics that are collected on economic crime, particularly criminal justice statistics, can be improved. This should consider the FATF MER's recommendations on the collection of statistics under the UK's AML/CTF regime and the UNCAC review's recommendation on developing a better understanding of the threat posed by domestic corruption.

Strategic Priority Two: Better Information-Sharing

Objective

Pursue better sharing and usage of information to combat economic crime within and between the public and private sectors across all participants

Introduction

3.1 The increasing digitisation of society has led to ever growing amounts of data which can help identify economic crimes and criminal activity. However, our response to economic crime is spread across a myriad of public and private sector organisations, meaning that information is siloed and segmented between different organisations and even within organisations themselves. This presents a fundamental challenge for organisations to understand and respond to the threat posed by economic crime. Criminals and terrorists ruthlessly exploit this information asymmetry to hide their ill-gotten gains and prevent their criminality from being exposed.

3.2 No one agency or organisation has the information, intelligence or data necessary to combat economic crime alone. This can only be achieved by agencies and organisations having the appropriate powers, gateways, frameworks and culture in place to facilitate the effective, appropriate and targeted sharing and use of information. By bringing together and analysing the information held by separate organisations, through multi-agency partnerships such as the NECC, we can better target and mitigate our economic crime threats. The private sector can better devote their resources to addressing the most important risks and providing higher quality intelligence to the public sector. The public sector can undertake better cross-system analysis of intelligence to disrupt economic crime and providing better quality guidance back to the private sector on threats. Through the mutual sharing of information, criminals and terrorists can be identified and held to account and the proceeds of their crime can be traced and returned to their victims. This increases our ability to prevent and deter further offending and to protect our country and society from economic crimes.

3.3 The UK has been a world-leader in promoting the appropriate sharing and use of information on economic crime. The establishment of the JMLIT as an operational pilot in 2015 has led to a paradigm shift in how financial intelligence can be exchanged and analysed and several other countries have now established their own public-private information-sharing platforms. The JMLIT operates on both a tactical level, through its operations group, and at a strategic level, through Expert Working Groups, which focus on key priority areas such as bribery and corruption, trade-based money laundering, terrorist financing and money laundering through capital markets.

3.4 We have also introduced major recent legislative reforms intended to clarify information-sharing requirements and facilitate information-sharing to tackle economic crime, including the *Criminal Finances Act 2017* and the *Data Protection Act 2018*, which permits the processing of personal data where it is necessary for the purposes of the prevention of crime, subject to certain safeguards. As detailed in Action 30, we also have an ambitious programme to transform the UK's SARs regime and the UKFIU.

3.5 However, much more can be done to promote better quality information-sharing and use to combat economic crime. Barriers remain to information-sharing and valuable intelligence is being lost in silos between and within organisations. The actions in this chapter set out our collective ambition for the right organisations to have access to the right information at the right time, with the appropriate structures, controls and culture in place to facilitate this.

3.6 When information being shared consists of personal data, such sharing, whether between or within the public and private sectors, must comply with data protection legislation (the *Data Protection Act 2018* and *Regulation (EU) 2016/679 – the General Data Protection Regulation*) and the Information Commissioner's Office's (ICO) data-sharing code of practice.³² This is to ensure that the rights of data subjects are protected and their privacy is respected. People want and expect law enforcement agencies and private sector firms to stop economic crime, but they also want to know how and why their information is being used. They want to know that it is used responsibly and kept safely, and that they have redress where there is misuse.

3.7 There needs to be a sustained focus to identify where barriers to appropriate information-sharing on economic crime lie, whether domestic or international. We need to consider how appropriate information-sharing can be enhanced, including through development of guidance, raising awareness of existing gateways, and, where necessary, legislation. This includes considering the regulatory expectations, operational infrastructure, cost involved and culture around information-sharing, as well as concerns relating to data protection, privacy, commercial aspects, anti-competitive behaviour, client confidentiality and privilege.

3.8 The barriers are potentially different where it is 'voluntary' or 'permissive' information-sharing. Unlike 'mandatory' information-sharing, such as the SARs regime, there is not a clear obligation on a party to share information. Voluntary information-sharing is not a substitute for the SARs regime, but can be a valuable complement, by assisting in the development of higher quality SARs to the UKFIU in certain circumstances. These barriers are also different when sharing information internationally as opposed to domestically. Improving cross-border information sharing in both the public and private sectors will enable a more thorough understanding of risk, trends and methodologies in relation to economic crime and enable both the public and private sectors to better target their efforts.

3.9 Informed by this work, we will release clear statements on our expectations on information-sharing in corporate groups, similar to those issued by the Monetary

³² The ICO's data-sharing code is being updated to reflect the new legislation. The current version is available on the ICO's website: <https://ico.org.uk/>.

Authority of Singapore.³³ We will also continue to build on the success of JMLIT and enhance its operations, as well as improve our ability to share information relating to fraud, including through the Counter Fraud Data Alliance.

The public-private partnership

3.10 We see substantial opportunity to use public-private partnerships as mechanisms to improve the sharing of information and intelligence between the public and private sectors, as well as promoting collaboration within the private sector. As set out in the Asset Recovery Action Plan (see Action 11), the private sector's expertise should be harnessed to enrich data and assist in the identification and recovery of proceeds of crime. We should build on the success of platforms such as JMLIT and take learning from these initiatives to overhaul our wider joint approach to information-sharing. This includes reforming the SARs regime to facilitate better sharing and exploitation of data. Working groups with mixed public and private representation will help ensure our legislation and guidance enables information-sharing and does not inhibit it unnecessarily.

Projects & Commitments

Action 6: Review barriers to information-sharing, powers and gateways

3.11 **Home Office** and **HM Treasury**, with support from **NECC**, **UK Finance**, **ICO**,³⁴ **LSAG** and **AAG**, will establish a public-private working group with public and cross-sectoral private sector representatives focused on information-sharing for economic crime purposes by July 2019.

3.12 The group will review the UK's existing information-sharing framework for economic crime, including information-sharing between and within public and private sectors, within corporate groups and the sharing of information domestically and internationally. This review will focus on:

- mapping current gateways, powers and information-sharing partnerships and considering whether they are appropriate, clearly defined and universally interpreted;
- identifying what barriers exist and whether these barriers are legal, arising from regulatory expectations, technical, financial and/or cultural;
- whether there are public datasets that can be used by the private sector to improve their risk understanding, as well as developing a better understanding of what data is available in the private sector that could be

³³ Monetary Authority of Singapore, FATF Guidance on Private Sector Information Sharing and revised INR.18, <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Anti-Money-Laundering-and-Countering-the-Financing-of-Terrorism/Guidance-Papers/2018/FATF-Guidance-on-Private-Sector-Information-Sharing-and-Revised-INR18.aspx>.

³⁴ The ICO will attend the working party in an observer capacity. ICO representatives may provide advice and guidance from a regulatory perspective as necessary.

used by law enforcement to develop a more sophisticated understanding of threat (see Action 5);

- whether gateways are sufficient for the sharing of information between private sector organisations, particularly sharing to enable them to fulfil their regulatory obligations (e.g. in fulfilling customer due diligence obligations under the MLRs);
- whether there are sufficient standards around how and what information is shared between the public and private sectors (e.g. information shared by the private sector for intelligence or evidential purposes);
- ways in which the cross-border sharing of information can be promoted, including consideration of bilateral reciprocal arrangements for sharing information with full regard given to existing cross-border information-sharing networks such as the Egmont Group's principles for FIUs;³⁵
- considering the potential 'derisking' implications that could arise from greater information-sharing and how to ensure the sharing of information does not give one organisation an unfair advantage; and
- considering the ethical implications relating to any information-sharing reforms, including what governance structures need to be put in place that would afford ethical decision-making.

3.13 The review should result in a report by March 2020 setting out recommended actions for reform and should aim to establish the UK as a world-leader in promoting the appropriate and proportionate sharing and use of high-quality information for economic crime purposes. The group will ensure that, where the barriers are cultural, all parties work towards a solution to make best use of the current gateways to address economic crime. The group will ensure that its recommendations will complement the SARs Transformation Programme (see Action 30) and ongoing work of the JFT. The review will also inform and draw upon the work of the **Department for Digital, Culture, Media and Sport** to develop the UK's National Data Strategy.³⁶

Action 7: Promote sharing of information in corporate groups

3.14 Through the information-sharing working group, the **Home Office** and **HM Treasury** will, by March 2020, release a statement setting out the government's expectations on information-sharing within corporate groups and between different business units within corporates for economic crime purposes. This should set out a clear statement from the government on the ability of corporates to share information within their groups and firm, both domestically and cross-border. This will help ensure that firms' determination of risk encompasses global considerations and be used as a basis to promote greater international consistency in cross-border information-sharing.

³⁵ Further information is available on the Egmont Group's website: <https://egmontgroup.org/>.

³⁶ Department for Digital, Culture, Media & Sport, National Data Strategy Open Call For Evidence, <https://www.gov.uk/government/publications/national-data-strategy-open-call-for-evidence/national-data-strategy-open-call-for-evidence>.

3.15 Following the review on information-sharing, further clarificatory statements may be released.

Action 8: Expand and enhance public-private information-sharing through JMLIT

3.16 Informed by the work of the information-sharing working group, the **NECC** will lead the enhancement of JMLIT by July 2020, building on its strengths and the characteristics that make it function effectively. This will include consideration of:

- how the JMLIT should expand to include additional sectors, geographical areas and additional organisations within sectors currently included in JMLIT, recognising that different sectors will have different intelligence-sharing needs and capabilities;
- how JMLIT can improve collaboration between sectors;
- how to better disseminate information to firms and sectors which are not part of JMLIT, including lessons learned, typologies and trends;
- how JMLIT works alongside other information-sharing arrangements, the UKFIU, and the SARs Transformation Programme (see Action 30);
- the technology supporting JMLIT and how to promote data standardisation, including through guidance and templates on how JMLIT members should respond to a JMLIT request; and
- ensuring that the JMLIT's Expert Working Groups maximise the sharing of the strategic understanding of the threat to feed into future threat reporting.

3.17 As part of this work, the **NECC**, with support from **HMT**, will conduct an international information-sharing pilot linking up JMLIT with foreign public-private partnerships by July 2020. This should be done on a bilateral and multilateral basis with other financial centres, cognisant of pre-existing international information-sharing frameworks such as the exchange of financial intelligence through the Egmont Group.

Action 9: Improve information-sharing between AML/CTF supervisors and law enforcement

3.18 As informed by the SARs Transformation Programme, **NECC** and **UKFIU**, working with the **AML/CTF supervisors**, will promote the legitimate, appropriate and proportionate sharing of information between law enforcement and AML/CTF supervisors. Building on existing UKFIU referral processes, this will consider what SAR information can be shared, including in respect of weaknesses in systems and controls as manifested through SARs, and the use that should be made of such information. It will also identify clear processes and standards for deconflicting criminal and regulatory investigations.

3.19 The **NECC**, through the JMLIT, and the **Office for Professional Body Anti-Money Laundering Supervision (OPBAS)** will work with the **legal and accountancy professional body supervisors**, including through the **LSAG** and **AAG**, and law enforcement to facilitate and improve the appropriate and proportionate flow and use

of information and intelligence. This will include promoting the benefits of existing intelligence sharing arrangements, such as the FCA-facilitated Shared Intelligence Service and the Financial Intelligence Network, to further enhance the gathering and sharing of material on individuals and firms. OPBAS will also promote the appropriate and proportionate sharing of information between the professional body supervisors, particularly information relating to best practice, lessons learned and risk assessments and methodologies. OPBAS and the NECC have established JMLIT expert working groups for the legal and accountancy professional body supervisors to better share tactical and strategic intelligence with the NECC, law enforcement agencies and other statutory AML/CTF supervisors.

Action 10: Promote information-sharing in relation to fraud

3.20 Informed by the work of the information-sharing working group and to enhance information-sharing arrangements to prevent fraud, the **Home Office** will revise and update by December 2020:

- the list of Specified Anti-Fraud Organisations (SAFOs), with whom public authorities are allowed to share information in accordance with the *Serious Crime Act 2007*; and
- the statutory Code of Practice on data sharing with SAFOs, considering the latest ICO recommendations on information-sharing between public and private sectors for the purposes of preventing fraud.

3.21 The **Cabinet Office** will use the *Digital Economy Act 2017* to pilot data-sharing between organisations that could not previously occur to further understand fraud loss. Cabinet Office will complete the piloting of sharing known fraud data between the public and private sectors through the Counter Fraud Data Alliance and reach a decision with partners on whether to invest in an operational service by March 2020. Both sectors will work together to promote and build information and practice-sharing groups involving both sectors.

Strategic Priority Three: Powers, Procedures and Tools

Objective

Ensure the powers, procedures and tools of law enforcement, the justice system and the private sector are as effective as possible

Introduction

4.1 The FATF MER and UNCAC review both found that the UK has a strong legislative regime for combatting economic crime. We are committed to ensuring that these powers are used effectively and keep pace with evolving criminal threats and technological change.

4.2 The government has been proactive in putting this principle into effect. The incorporation of the EU's 4th Money Laundering Directive through the 2017 MLRs represented a wholesale update of the UK's AML/CTF regulatory regime to include the latest international standards. The *Criminal Finances Act 2017* enabled law enforcement to make better use of the intelligence in SARs and introduced powers to identify and recover criminal funds from those seeking to hide, use or move them in the UK. Powers introduced included Unexplained Wealth Orders, which can be used to compel individuals to explain the source of wealth used to purchase assets, and Account Freezing Orders to freeze and then forfeit illicit funds held in bank accounts. The NCA has frozen more than £160 million using the new tools.

Case study: SAR enables return of USD 500 million in alleged corrupt funds

In 2017, the UKFIU received a SAR from a reporter, regarding a USD 500 million transaction. On receipt of the SAR, the UKFIU analysed it and identified 'politically exposed person' links and so referred it to the NCA's International Corruption Unit for advice. Enquiries suggested the transaction appeared to be embezzlement and grand corruption, likely designed to steal the funds from a victim country. To ensure the monies were returned safely, the NCA needed to make enquiries of the victim country's authorities. Using the new SARs tools, the NCA was granted an extended period in which to conduct its enquiries. Following the receipt of several assurances safeguarding the account, the UKFIU granted consent that the USD 500 million could be returned to the victim country.

4.3 The Home Office, Scottish Government and Northern Ireland Executive all work with law enforcement agencies within their jurisdictions to develop and use powers set out in the *Proceeds of Crime Act 2002* (POCA). Alongside this plan, we are publishing an Asset Recovery Action Plan (ARAP) to set out the additional steps England and Wales will take to improve asset recovery performance.

4.4 In addition to our powers to recover criminal assets, it is essential the powers and tools of law enforcement and prosecutors, regulators and the private sector work effectively to combat economic crime. The Ministry of Justice issued a Call for Evidence on Corporate Criminal Liability in 2017 to examine whether there is a case for reform to ensure that the law in this area is fit for purpose.³⁷ The Call for Evidence set out five possible areas for reform including legislating to amend the current common law rules, consideration of a new form of vicarious liability; a new liability offence along the line of the existing failure to prevent model for Section 7 of the *Bribery Act 2010*, a variant of the failure to prevent model, and scope for further regulatory reform. The Ministry of Justice will be publishing the response to the Call for Evidence shortly.

4.5 We will also ensure that our AML/CTF preventive regime meets international best practice through the transposition of the EU's Fifth Money Laundering Directive and remains effective and responsive to the evolving threat environment. We will enable the criminal justice system to evolve with technological change. We will also ensure we have sufficient powers available to return funds to victims of fraud and supervise the private sector for implementation of their targeted financial sanctions obligations, review our criminal market abuse regime and investigate a power to block listings on national security grounds.

The public-private partnership

4.6 In developing these powers, we will work with the regulated and other sectors to ensure that such powers will operate effectively and impose as little burden as possible on legitimate businesses. We will consult on proposed new powers, procedures and tools as appropriate. As set out in the ARAP we will also work with the private sector to develop a public-private partnership approach to tackling those who seek to frustrate or evade the enforcement of confiscation orders.

Projects and Commitments

Action 11: Implement the Asset Recovery Action Plan

4.7 Law enforcement agencies in England and Wales, led by the **Home Office**, will implement the ARAP by July 2022.³⁸ The ARAP, which is published alongside this plan, sets out how we will ensure that:

- the legal framework is commensurate to the changing operational demands and available to the right operational agencies;
- improve our end-to-end operational systems, including to tackle the stock of uncollected orders, and determining the role the private sector should play;

³⁷ Ministry of Justice, Corporate Liability for Economic Crime: Call for Evidence, <https://www.gov.uk/government/consultations/corporate-liability-for-economic-crime-call-for-evidence>.

³⁸ Home Office, Asset Recovery Action Plan, <https://www.gov.uk/crime-justice-and-law/crime-prevention>.

- better understand what works to ensure our efforts are targeted and to inform future investment and operational decisions; and
- develop innovative new approaches to pursue and recover proceeds of crime, including the use of technology and partnership approaches to improve the identification and pursuit of criminal finances.

Action 12: Consider legislative changes to improve the Proceeds of Crime Act

4.8 Based on recommendations from the Law Commission's reviews of Parts 2 and 7 of POCA in England and Wales,³⁹ the **Home Office** will consider introducing legislative changes to POCA, where appropriate, to ensure law enforcement agencies have the most suitable powers. We anticipate that the Law Commission's review will be completed by early 2020 and, subject to Parliamentary time, proposals to amend POCA will be outlined by December 2021. We will ensure that the powers that are already enacted are available to all of those who need them and actively promote their use and will identify whether there are areas where extending powers to identify and seize suspected criminal property would be appropriate.

Action 13: Transpose the Fifth Money Laundering Directive

4.9 **HMT** will deliver the UK's expected obligation⁴⁰ to transpose the Fifth Money Laundering Directive (5MLD) into national law by January 2020. HMT are seeking to transpose in a way which balances the burden on business with the need for regulated businesses to actively deter money laundering and terrorist financing activity.⁴¹ Key changes introduced by 5MLD include the incorporation of cryptoasset providers (see Action 37) and other entities as obliged entities under the MLRs, the expansion of the UK's trusts register and the introduction of a national register of bank account ownership.

Action 14: Implement the Disclosure Review recommendations

4.10 The emergence of digital technologies, which make available vast amounts of data, have posed challenges to the efficiency and effectiveness of disclosure in the criminal justice system, particularly in complex economic crime cases. The **Attorney General's Office** will lead the implementation of the recommendations made in the Attorney General's November 2018 Review of the Efficiency and Effectiveness of

³⁹ Further information is available on the Law Commission's website:

<https://www.lawcom.gov.uk/project/confiscation-under-part-2-of-the-proceeds-of-crime-act-2002/>.

⁴⁰ In implementing 5MLD, the government is catering for the scenario where an implementation period is in place after the UK leaves the EU.

⁴¹ HM Treasury, Transposition of the Fifth Money Laundering Directive,

<https://www.gov.uk/government/consultations/transposition-of-the-fifth-money-laundering-directive>.

Disclosure in the criminal justice system by December 2019.⁴² This, alongside work led by the **Crown Prosecution Service** and the **National Police Chiefs' Council** as part of the National Disclosure Improvement Plan, will ensure improvements in the performance of disclosure obligations in the criminal justice system.⁴³

Action 15: Consider tactical targeting orders

4.11 To ensure we have the necessary powers for effective investigative action, the **Home Office**, **HM Treasury** and **UKFIU** will consider with reference to the SARs Transformation Programme (see Action 30), whether there is value in introducing a power similar to the geographical targeting orders used in the United States by July 2020.⁴⁴ This would assess whether such a power would assist with the collection of intelligence on particular crime threats in the UK context, subject to strict safeguards to ensure that the powers are used proportionately.

Action 16: Develop framework to repatriate funds to victims of fraud

4.12 The **Home Office**, working with the **JFT** and **UK Finance**, will develop the technical and legal framework to allow fraudulent funds to be taken from criminals and repatriated to victims by December 2021. This work will be informed by the broader projects to improve our support for victims of fraud (see Action 27) and review information-sharing arrangements (see Action 6) and take account of existing arrangements and requirements, such as the SARs regime, which enable law enforcement intervention into suspected fraudulent movement of funds.

Action 17: Clarify sanctions supervision powers

4.13 **HM Treasury**, with support of the **AML/CTF supervisors** including through the **LSAG** and **AAG**, will consider by July 2020 whether new powers or guidance are necessary to enable all supervisors to take enforcement action where there are deficiencies relating to financial sanctions regimes systems and controls in their regulated populations. The FATF MER recommended the UK review and formalise supervisors' powers to monitor sanctions systems and controls.

⁴² Attorney-General's Office, Review of the Efficiency and Effectiveness of Disclosure in the Criminal Justice System, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/756436/Attorney_General_s_Disclosure_Review.pdf.

⁴³ National Police Chiefs' Council, College of Policing, Crown Prosecution Service, National Disclosure Improvement Plan, <https://www.cps.gov.uk/sites/default/files/documents/publications/National-Disclosure-Improvement-Plan-May-2018.pdf>.

⁴⁴ Further information is available on the US Department of the Treasury's Financial Crimes Enforcement Network's website: https://www.fincen.gov/sites/default/files/shared/Real%20Estate%20GTO%20FAQs_111518_FINAL%20508.pdf.

Action 18: Review the criminal market abuse regime

4.14 The criminal market abuse regime sets out the UK's criminal sanctions for insider dealing and market manipulation. It is important in helping the FCA fulfil its statutory objectives of protecting consumers, enhancing market integrity and promoting competition. The regime has not been materially updated since it was introduced. To ensure that the UK continues to effectively combat market abuse, it is prudent to review the current regime to consider any challenges to its objective.

4.15 Therefore, the **FCA** and **HM Treasury** will review the criminal market abuse regime by July 2021 and update it, where appropriate, to ensure that the UK's regime for combatting market abuse continues to work effectively in an evolving market.

Action 19: Investigate power to block listings on national security grounds

4.16 As recommended in the Treasury Select Committee's report, **HM Treasury** will lead on an investigation into whether a power to block listings on national security grounds would be appropriate. The first phase of this work will be concluded by June 2020. This investigation will evaluate the existing legislative framework, including analysis of the UK's post-Brexit sanctions powers under the *Sanctions and Anti-Money Laundering Act 2018*, as well as the impact a power could have on UK financial markets. If HM Treasury assesses that a new power is necessary, the government will clearly set out: a robust justification for the power, the scenarios in which it could be used, how the power would be implemented in practice, and the timing of the new legislation. The government would also undertake a full consultation on this power.

Strategic Priority Four: Enhanced Capabilities

Objective

Strengthen the capabilities of law enforcement, the justice system and private sector to detect, deter and disrupt economic crime

Introduction

5.1 To ensure that the UK is able to address our economic crime threats, the capabilities of the public and private sectors must remain robust and fit-for-purpose. The ever-changing and multi-faceted nature of the economic crime threat has made this a challenge. Innovative solutions are necessary to make use of the vast quantities of data and information now available to the public and private sectors. We need to have a better understanding of our current collective capabilities for combatting economic crime so that we can develop and deploy the right capabilities at the right time. We must ensure that the technologies that enable the transaction process are convenient enough for customers to use, agile enough to identify economic crime and robust enough to prevent it before it has taken place. We must make the environment as difficult as possible for criminals and fraudsters to operate while allowing business and society to prosper.

5.2 The UK has developed strong capabilities to tackle economic crime. Government is investing £48 million over 2019/20 in law enforcement's capabilities to combat economic crime by:

- continuing to build the NECC, which will reach out to public and private sector partners to increase capability and expand the expertise of its existing multi-agency resource;
- establishing the National Data Exploitation Capability (NDEC) in the NCA, which will harness analytics, automation, machine learning, bulk data ingestion and algorithms to improve our exploitation of data;
- expanding the NAC to provide a single authoritative view of the national serious and organised economic crime threat;
- building the capability and capacity at a local, regional and national level to tackle fraud and recognising fraud investigation as a specialist capability; and
- uplifting the NCA's investigative capabilities to detect and disrupt high-end economic crime cases, including a commitment to extend the NCA's directed tasking powers to include the Serious Fraud Office. Following consent from the Home Secretary and the Attorney General, this power will enable the

Director General of the NCA to task the Director of the SFO in relation to her investigatory functions.

5.3 The private sector in the UK invests heavily in preventing, detecting and investigating economic crime and protecting customers from fraud, through their compliance with regulatory obligations, training and awareness-raising. For the financial sector, this investment has generated 20 million financial crime alerts and related investigations per year, including 460,000 SARs flagging suspicious transactions in 2018/19. UK Finance estimates that technology, through measures such as biometric profiling and procedures to verify customers and devices, as well as artificial intelligence and machine learning, has stopped 67% of attempted frauds. Private sector organisations have also invested significant amounts in public-private efforts to combat economic crime, such as the Banking Protocol,⁴⁵ Mules Insights Tactical Initiative,⁴⁶ Don't Be Fooled campaign⁴⁷ and the Authorised Push Payment voluntary code,⁴⁸ to further enhance collaborative capabilities.

5.4 We need to build on these investments and embrace innovative technological solutions to make us collectively much more efficient and effective in combatting economic crime. Criminals continuously adapt and exploit new technologies and innovations. For example, while 'Confirmation of Payee' and stronger customer authentication under the revised Payment Services Directive will help reduce fraud, fraudsters will not stand still.⁴⁹ As some avenues for fraud are closed, they may look to exploit others.

5.5 The actions below set out a range of activity to better improve and coordinate our operational response to economic crime, leveraging the capabilities, skills and expertise of both public and private sectors. As recommended in the Treasury Select Committee's economic crime report, we will work together to identify opportunities to develop long-term, sustainable funding models to support this work and economic crime reform. This is a priority area of work as we recognise that the success of the plan is dependent upon ensuring that there is sufficient capacity across the public and private sectors to respond to the scale of the threat. This is not only about investing in additional infrastructure and capabilities, but also in ensuring that existing resources are used more effectively and efficiently. Action 38 sets out how we intend to promote innovative 'RegTech' solutions to enhance the private sector response to economic crime.

5.6 These actions also set out the next steps in our collective effort to reform the SARs regime and UKFIU. The SARs regime is a critical centrepiece in the UK's

⁴⁵ Further information is available on UK Finance's website: <https://www.ukfinance.org.uk/news-and-insight/blogs/why-banking-protocol-matters>.

⁴⁶ Mules Insights Tactical Initiative is a new anti-fraud measure, recently launched by Pay.UK in cooperation with UK Finance, using technology to track suspicious payments across different accounts and banks and help identify money mule accounts.

⁴⁷ UK Finance and Cifas are partnering on the Don't Be Fooled education and awareness campaign, which aims to inform students and young people about the risks of giving out their bank details, and deter them from becoming money mules.

⁴⁸ Further information is available on the Authorised Push Payments Scams Steering Group website: <https://appcrmmsteeringgroup.uk/>.

⁴⁹ Further information is available on Confirmation of Payee is available on Pay.UK's website: <https://www.wearepay.uk/confirmation-of-payee/>.

system for combatting economic crime. As recognised in the FATF's 2018 MER, the SARs regime delivers significant outcomes against economic and wider crime, including terrorist financing and money laundering investigations and asset recovery results. Considering the scale of the threat faced by the UK, this system must be working as effectively as possible to produce the high quality financial intelligence necessary to detect and disrupt economic crimes. The FATF MER recommended that the UK reform the SARs regime and UKFIU as a priority. The NCA has increased the operational staffing in the UKFIU by over 30% with further appropriate increases to take place. The SARs Transformation Programme, led by the Home Office, aims to fundamentally reform the SARs operating model and deliver a regime with much better IT, enhanced feedback and a reformed UKFIU.

5.7 We also recognize that we need to continue to enhance the response of law enforcement and the criminal justice system to economic crime at the national and local level. A recent report by HMICFRS on the police response to fraud in England and Wales found that significant improvements are required to ensure it works more effectively and efficiently.⁵⁰ The Home Office will work closely with law enforcement to ensure an effective response to fraud at all levels. Joint public-private work to disrupt economic crime also offers a way to more effectively target our collective efforts. To ensure we have the appropriate criminal justice response to economic crime, we will also launch a flagship economic crime court.

5.8 It is critical that we ensure that we have the capability to close vulnerabilities that enable economic crimes to occur. The JFT is leading work to 'design out' vulnerabilities for fraud, which do not lie in the financial sector alone. Every business that maintains the records of customers online is vulnerable to data theft, and consequently can be an enabler of fraud. Hence cyber security must go hand-in-hand with any measures that are designed to reduce vulnerabilities. Transformative technologies like the New Payments Architecture must also be designed with economic crime concerns front-of-mind.

5.9 We will also ensure that we build resilience in the public sector, by continuing to build the Government's Counter Fraud Profession. The Profession aims to bring the counter fraud community together under a common set of standards and develop that community as they protect public services and fight economic crime.⁵¹ We must also ensure we have the capability to support the victims of economic crime. Fraud is now the second most common crime in England and Wales and it is essential that victims of fraud are afforded the right level of care and we have the technological capabilities to identify where the proceeds of fraud have been transferred to and be able to repatriate those monies to victims (see Action 16).

The public-private partnership

5.10 The public and private sectors each have their own unique capabilities available to them to tackle economic crime, in terms of human, technical and

⁵⁰ Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services, *Fraud: Time To Choose*, <https://www.justiceinspectors.gov.uk/hmicfrs/wp-content/uploads/fraud-time-to-choose-an-inspection-of-the-police-response-to-fraud.pdf>.

⁵¹ Further information is available here: <https://www.gov.uk/government/groups/counter-fraud-standards-and-profession>.

financial resources. Historically, these capabilities have been viewed as separate, with insufficient consideration of how they can be combined and used collectively. We think there is substantial scope to enhance the public-private partnership around how our collective capabilities can be used. For example, the investigation of fraud is a specialist skill, and consequently lends itself to skill transfer or exchange between public and private sectors, where both sectors can learn from each other.

5.11 Steps have been taken in recent years to use the public and private sectors' capabilities together, through initiatives such as JMLIT, JFT and DCPCU. There is substantial scope to strengthen the public-private partnership through greater joint working and the collective use of capabilities. For example, the JFT was established in 2016 as a collaboration between the banking sector and government. It became apparent that tackling fraud required collaboration with other sectors beyond banking. That is why we have extended membership to retailers and the telecommunications sector, but we must not stop there. Many frauds, for example, originate or are facilitated through online platforms. We must draw on a broad range of industry expertise to tackle fraud that affects us all.

Projects & Commitments

Improving our collective capabilities

Action 20: Continue to develop the NECC as a genuine public-private hub for combatting serious and organised economic crime

5.12 By July 2021, the **NECC** will be fully established as the law enforcement lead for serious and organised economic crime in England and Wales, leading and coordinating and tasking across a whole system response to priority serious and organised crime threats such as high-end money laundering. It will include:

- working with the public and private sectors and law enforcement to embed people in the NECC;
- clear information protocols across NECC partners, including the private sector;
- supporting and directing partners on achieving operational performance and impact against the threat; and
- operating as the collective voice for serious and organised economic crime within law enforcement, identifying capability gaps, owning a single picture of the threat and driving the operational response.

Action 21: Understand and enhance capabilities

5.13 **NECC** will map the capabilities of law enforcement by July 2020 to develop a better understanding and enhance future capability. This will build on pre-existing work to map capabilities in the public sector. **Cabinet Office** will map the capabilities for combatting economic crime in central government.

5.14 **UK Finance** will also map the capabilities of the major financial institutions within its membership by July 2020. UK Finance will work with other relevant industry bodies to assist mapping of relevant institutions in their membership. The mapping

exercise will inform future work on taking system-wide action against major economic crime threats.

5.15 **NECC** will work with JMLIT sectors outside of banking to identify how best their skills, experience and capability can be harnessed to combat economic crime.

Action 22: Develop public-private action plans to combat economic crime threats

5.16 The NECC-led inaugural public-private serious and organised economic crime threat update identified a number of key economic crime threats (see Action 1). To truly tackle these threats, the full capabilities of the public and private sectors need to be harnessed. The **NECC, Home Office** and **HM Treasury** will ensure the findings of the first public-private threat update are reflected in activity in our operational and policy response. Where appropriate, **UK Finance** will coordinate the response on behalf of its membership and work with other industry associations to support this approach. Careful consideration should be given to which sectors should be involved in addressing a specific threat and to their respective capabilities and capacity.

5.17 This could include campaign-style responses to priority threats and weeks of action using collective capabilities of the public and private sectors. To facilitate this, the **NECC** will deliver threat-focused action plans summarising the proposed response to the identified threat, which could include threats such as money mules or the criminal exploitation of money service businesses. The first of these plans will be delivered to the next Economic Crime Strategic Board in January 2020.

Action 23: Develop a sustainable, long-term resourcing model for economic crime reform

5.18 **Home Office**, supported by **HM Treasury** and the **NCA**, will develop a long-term and sustainable resourcing model to support economic crime reform by March 2020. The development of this model will include consideration of resourcing for the SARs Transformation Programme, the UKFIU, Register of Bank Account Ownership and other key NCA capabilities such as the NECC.

5.19 The SARs Transformation Programme, is currently estimated to have costs of approximately £100-150 million and the target operating model end state is likely to see a significantly enhanced UKFIU which will require an ongoing sustainable resourcing model (see Action 30). Transforming the SARs regime will result in benefits for both the public and private sectors. Therefore the resourcing model will explore sources of funding from both sectors. A wide range of partners will be included in the funding solution, whilst keeping in mind the FATF standards on FIU independence and autonomy.

5.20 This work will also include the **Home Office** reviewing the Asset Recovery Incentivisation Scheme by March 2020 and the criteria for which funds are used, with particular consideration of whether the funds collected should be ring-fenced by the Home Office to be spent on economic crime projects.

5.21 With the support of **UK Finance** and other industry associations, this strategy should consider the more efficient and effective use of public and private resources in financial and economic crime investigations. This should consider the review of

financial investigator capability and capacity and the Proceeds of Crime Centre being conducted as part of the ARAP (see Action 11): the use of secondments; joint public-private work on financial intelligence and economic crime investigations; and joint training on economic crime issues.

5.22 With support from **Cabinet Office**, this should also consider the development of a structured exchange of experienced fraud investigators between public and private sectors as the Counter Fraud Profession develops (see Action 29).

Action 24: Launch flagship economic crime court in central London

5.23 **HM Courts and Tribunal Service (HMCTS)**, an executive agency of the **Ministry of Justice**, is working with the **City of London Corporation** and the judiciary, to create a new world class economic crime court in Central London.

5.24 The flagship court will tackle fraud and related economic crime, including the expanding area of cybercrime, whilst also hearing other cases. It will hold 18 modern courtrooms and replace and upgrade the civil court, the Mayor's and City of London County Court, and City of London Magistrates' Court, and include eight Crown Court rooms. The site for the new court will be in the demolition stage by 2022, with an expectation that the court will be fully completed by 2026.

Action 25: Consider how payments systems can help tackle economic crime

5.25 The New Payments Architecture (NPA), a new interbank payment system, is currently in the design phase.⁵² It is expected to go live after 2021, subject to detailed implementation and migration planning. **Pay.UK**, the payment system operator, is responsible for procuring the core clearing infrastructure for the NPA and for developing standards and rules to facilitate delivery of payment services. Pay.UK will consider how the design of the NPA could help tackle economic crime, with the support of **Payment Systems Regulator**, **FCA**, **HM Treasury** and **UK Finance** and other relevant agencies, including through:

- developing standards and rules to facilitate the introduction of new end-user services;⁵³
- aligning, where appropriate, with the objectives and outcomes of other major capabilities being built (e.g. SARs Reform, Register of Bank Account Ownership, see Actions 13 and 30);⁵⁴ and
- adopting standards to allow for more comprehensive and flexible payments information.

⁵² Further information is available on the Pay.UK website: <https://www.wearepay.uk/new-payments-architecture-programme/>.

⁵³ This includes Confirmation of Payee, which is already being delivered through the NPA programme. Further information is on Pay.UK's website: <https://www.wearepay.uk/confirmation-of-payee/>

⁵⁴ For example discussions are underway about providing payments data and setting standards and rules to facilitate the development of market-led transaction data analytics capabilities.

5.26 As part of the NPA programme Pay.UK is validating the Payment Strategy Forum's Blueprint for the NPA and considering a suitable role for Pay.UK on economic crime issues.⁵⁵ As part of consideration of its role and approach, Pay.UK also participates in relevant fraud and economic crime bodies.

5.27 The **Bank of England**, as operator for the Real-Time Gross Settlement system and Clearing House Automated Payment System (CHAPS), will also continue to consider how to tackle economic crime as appropriate given the nature of the services. For example, the Bank is working closely with Pay.UK on the development of interoperable message standards (such as the Common Credit Message)⁵⁶ and promoting wider adoption of Legal Entity Identifiers. This will enable, amongst other benefits, the introduction of enhanced payments data to be introduced in CHAPS and UK payment systems more widely.

Enhancing our response to fraud

Action 26: Improve the policing response to fraud

5.28 The **Home Office** will work with the **City of London Police** and the **NECC** to address the current deficiencies in the law enforcement response to fraud (including serious and organised fraud) in England and Wales, including those identified within HMICFRS's inspection report on the police response to fraud by March 2020. Our efforts will focus on:

- developing a clearer understanding of the threat to improve the targeting of resources;
- improving law enforcement's capabilities to help prevent, and protect people against, fraud;
- strengthening fraud reporting, referral, prioritisation and coordination processes;
- clarifying national, regional and local law enforcement responsibilities and how they should work together, including the role of the NECC;
- developing specialist fraud analysis and investigation capabilities, building partnerships with the wider public and private sectors, to improve law enforcement outcomes; and
- improving the provision of support to fraud victims.

5.29 The HMICFRS report also identifies the limited understanding of the serious and organised fraud threat caused by the low levels of investigation and the lack of organised crime group mapping. The **NECC** will:

⁵⁵ Further information is available on the Payments Strategy Forum's website: <https://implementation.paymentsforum.uk/key-documents>.

⁵⁶ Bank of England, ISO 20022 Consultation Paper: A Global Standard to Modernise UK Payments, <https://www.bankofengland.co.uk/news/2018/june/iso-20022-consultation-paper-a-global-standard-to-modernise-uk-payments>.

- conduct a review of the serious and organised fraud landscape and make recommendations to improve the understanding and response;
- together with the NDEC, undertake a data exploitation exercise to ingest and analyse a number of existing data sets to identify individuals and organised crime groups engaged in serious fraud;
- develop the use of tasking processes to ensure the most harmful cases are prioritised and receive appropriate support; and
- undertake analysis of the current systems for international intelligence exchange and provide recommendations to improve performance.

Action 27: Improve support for victims of fraud

5.30 The second objective of the 2018 SOC Strategy commits the government to building the highest levels of defence and resilience to protect vulnerable people, communities, businesses and systems. The recent HMICFRS report on the policing response to fraud also highlighted that whilst vulnerable victims generally receive a good service, most victims do not. The **Home Office**, alongside partners in law enforcement, National Trading Standards, wider government and the JFT, will consider an updated model for supporting victims of fraud, including enhanced capabilities locally, regionally and nationally, by August 2020.

5.31 This holistic review of support for victims of fraud will be informed by the existing Economic Crime Victims Care Unit model, through which specialist advocates provide support to those who have fallen victim to fraud and cyber-crime, and which aims to reduce the likelihood that they will become repeat victims.

Action 28: Close the vulnerabilities that criminals exploit to conduct fraud

5.32 The **JFT** will lead a programme of work to address the vulnerabilities that criminals exploit to conduct fraud by December 2020. The JFT will work with its diverse range of partners, including the telecommunications sector, to address vulnerabilities it identifies from its comprehensive understanding of the threat and identify potential legislative and regulatory solutions. The JFT will prioritise its efforts on the actions that will have the greatest impact on reducing the level of, and harm caused by, fraud.

Action 29: Build our Government Counter Fraud Profession

5.33 The **Cabinet Office** will continue to develop the Government Counter Fraud Profession, through on-boarding new members and developing the Profession to cover disciplines outside of investigation, including risk and threat assessment, and the use of data and analytics to find fraud by April 2021. The Cabinet Office will also explore the extension of the Profession to other sectors and review the powers

available to public sector investigators who are part of the Profession to ensure they are as effective as possible by April 2021.

SARs Reform and UKFIU

Action 30: Deliver first tranche of SARs IT transformation and design the target operating model for the future of the SARs regime

5.34 Working closely in collaboration with private sector stakeholders and law enforcement, the **SARs Transformation Programme** will agree the next iteration of the target operating model for the future SARs regime by December 2020. Alongside designing the future regime, the Transformation Programme is also defining and implementing shorter term improvements to the regime to improve effectiveness and efficiency. This includes the **NCA** delivering the first tranche of the IT transformation of the SARs regime, as well as delivery of some near-term improvements.

5.35 The future SARs regime will look to promote a 'whole system' approach to economic crime to deliver significantly higher levels of detection, prevention and enforcement (nationally and internationally).

5.36 Full delivery of the target operating model will look to transform the regime across people, processes and technology, delivering:

- more efficient and flexible IT portals and platforms for law enforcement and reporters to improve operational effectiveness, including an upgraded SAR submission process for reporters tailored to all different reporting sectors' needs, improved law enforcement tools to access and analyse SARs and a better system workflow to support UKFIU in managing SARs;
- improvements to regime processes and support to increase operational effectiveness of both reporters and law enforcement;
- a comprehensive regime-wide approach to feedback and guidance to iteratively improve SARs quality and regime processes (see Action 31);
- improved SARs analysis and intelligence through additional analytical resource and capabilities to the UKFIU and Regional Organised Crime Units; and
- training, outreach and awareness within law enforcement across the country to boost engagement and exploitation of SAR intelligence in the prevention, detection and investigation of all crimes.

5.37 This work will also address the FATF's criticisms regarding the role and resourcing of the UKFIU. Supported by the Programme, the **NCA** will ensure the UKFIU meets international best practice by December 2020. **Home Office**, supported by **HM Treasury** and **NCA**, will consider whether any legislative changes are necessary to meet the requirement under international standards for UKFIU to be sufficiently operationally independent and autonomous.

5.38 The Programme is also investigating the potential for further enhancements to the regime, including: increased availability of transaction-based data; clearer direction to the private sector on priorities for law enforcement through collaboration

with the NECC; and reviewing the 'Defence Against Money Laundering' SARs system. The Programme will also consider the findings of the Law Commission's review of POCA.⁵⁷ It is estimated that full delivery of the target operating model will take until 2023/24.

Action 31: Deliver greater feedback and engagement on SARs

5.39 Through the **SARs Transformation Programme**, the **UKFIU**, working with law enforcement and supervisory partners, will substantially enhance its capacity to deliver feedback to reporters on SARs reporting. Through improved IT and increased outreach capability, this will include greater information on trends in reporting and typologies, and will be informed by the work on information-sharing outlined in Action 6.

5.40 The transformed SARs IT will include a portal through which UKFIU will be able to communicate securely and directly with reporters. The portal will enable SARs to be reported and the UKFIU to share feedback and information on typologies, trends, economic crime alerts and outcomes on successful cases. The Programme will also provide increased financial intelligence analysts to undertake greater analysis of SARs and provide greater engagement with reporters, starting in 2020.

5.41 By December 2019, the **Home Office** will also identify the division of responsibility for the quality of SARs between UKFIU, supervisors, law enforcement and firms, which will help guide the better provision of feedback.

Action 32: Ensure the confidentiality of the SARs regime

5.42 SARs material is confidential and there is a need to protect the information in SARs and the source of the material. Arrangements are in place to guide the protection of this material from use in criminal proceedings.⁵⁸ However, there is a need to improve protection in parallel circumstances of civil proceedings. The **Home Office** and **UKFIU**, with the support of **HMT**, will work together to develop options to protect SARs material from being disclosed in civil proceedings.

⁵⁷ Law Commission, Anti-Money Laundering: The SARs Regime, https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jsxou24uy7q/uploads/2019/06/6.5569_LC_Anti-Money-Laundering_Report_FINAL_WEB_120619.pdf.

⁵⁸ Home Office, Circular 022/2015, <https://www.gov.uk/government/publications/circular-0222015-money-laundering-the-confidentiality-and-sensitivity-of-suspicious-activity-reports-sars-and-the-identity-of-those-who-make-them/circular-0222015-money-laundering-the-confidentiality-and-sensitivity-of-suspicious-activity-reports-sars-and-the-identity-of-those-who-make-them>.

Strategic Priority Five: Risk-Based Supervision and Risk Management

Objective

Build greater resilience to economic crime by enhancing the management of economic crime risk in the private sector and the risk-based approach to supervision

Introduction

6.1 The preventive measures that businesses deploy to detect and prevent economic crime are the system's first line of defence. Through a strengthened private sector response, visible supervision and enforcement and greater individual resilience, we can better protect our society from economic crime. Building greater resilience to economic crime across the system makes it harder for criminals to penetrate in the first place. This in turn prevents the harm caused by economic crime, thereby reducing demand on law enforcement and other parts of the system.

6.2 A risk-based approach is central to the prevention of economic crime. When undertaken effectively, it enables firms and supervisors to focus their efforts and resources where the risks are highest, creating a robust regime at a proportionate cost. The vast majority of regulated firms want to comply with the law and take their responsibility to tackle economic crime seriously. Part of the role of the supervisors is to help them to do so through the provision of guidance and support. However, there is a minority who, either unwittingly or through wilful complicity, expose the UK to considerable risk and harm by facilitating or carrying out economic crime. In those circumstances, it is the role of the supervisors to take robust and decisive action, including through enforcement action where appropriate.

6.3 In the UK, firms have a range of regulatory obligations to help ensure they are not misused for economic crime purposes. The MLRs place AML/CTF preventive measures on a range of financial and non-financial sectors, such as gambling, legal, accountancy and property. Firms must also comply with financial sanctions and with anti-bribery obligations as well as protecting themselves and their customers from being defrauded. FCA authorised firms involved in certain markets must report suspected market abuse to the FCA.

6.4 The FATF MER found that implementation of the MLRs by the regulated sectors was inconsistent, with low levels of SAR reporting in several sectors, particularly the legal, accountancy and trust and company service provider sectors, highlighted as a concern. While noting positive steps to enhance supervision had been taken, the MER found significant weaknesses in the risk-based approach to supervision among all the UK's supervisors, except for the Gambling Commission. The MER also assessed the statutory supervisors and the Solicitors Regulation Authority as having a stronger understanding of the risks present in their sectors than the other professional body supervisors.

6.5 The actions below set out how we will increase our ability to prevent economic crime by enhancing the management of economic crime risk in the private sector and the risk-based approach to supervision, as well as building resilience in the wider community. As set out in Action 13, we will ensure that our preventive regime meets international best practice through the transposition of 5MLD.

6.6 We will ensure that our supervisors take an effective risk-based approach to supervision. The UK's position as a major global financial centre means we have a range of diverse sectors exposed to economic crime risks. It is essential for our security and prosperity that there are consistently high standards across all sectors. The FCA will review how it can have the greatest impact across the wide range of firms it supervises as well as continuing to apply proportionate, effective and dissuasive sanctions for AML/CTF breaches and enhancing its efforts to tackle market abuse. HMRC supervises a diverse range of high risk sectors and will make use of its recent increase in fees to develop a more comprehensive and robust risk-based strategy.

6.7 Stopping those professionals who, whether unwittingly or complicitly, enable criminals to enjoy the proceeds of their crimes, is vital in tackling economic crime at the root. The 22 legal and accountancy professional bodies AML/CTF supervisors have a clear duty to ensure that their members fully understand and adhere to proper standards of professional conduct in preventing and reporting money laundering. To facilitate collaboration and information-sharing and ensure the professional body supervisors meet the standards required by the MLRs, the government introduced OPBAS in January 2018. In March 2019, OPBAS published a summary of its first-year assessment of the professional body supervisors, finding varying quality of supervision.⁵⁹ OPBAS will work with the professional body supervisors to strengthen the consistency of their AML/CTF supervision.

6.8 We will also prioritise the development of innovative technological solutions to improve industry's preventive measures. We will promote the use of 'RegTech' solutions, such as digital identity and automated transaction monitoring services, to assist industry in becoming more efficient and effective in mitigating economic crime risks. This will include working with firms to ensure they strengthen their own defences, are resilient and take an appropriately holistic approach to their internal management of economic crime risks. For a true 'whole system' response, we will ensure that the broader public is better aware of the threats posed by economic crime through awareness-raising and education campaigns, so that all of society can take steps to protect itself from economic crime.

The public-private partnership

6.9 It is important to recognise that supervisors must remain independent in their ability to supervise. The actions committed to in this plan in no way limit that independence. Nonetheless, both the active supervision by supervisors and implementation of regulatory obligations by regulated firms are necessary for an effective response to economic crime. Through the implementation of this plan, the

⁵⁹ OPBAS and FCA, Anti-Money Laundering Supervision by the Legal and Accountancy Professional Body Supervisors, <https://www.fca.org.uk/publication/opbas/themes-2018-opbas-anti-money-laundering-supervisory-assessments.pdf>.

statutory and professional body supervisors should continue to deepen their partnership, ensuring that best practice is shared and that successful innovation in one part of the supervisory regime is replicated elsewhere. Supervisors will continue to assist firms in fulfilling their regulatory obligations in the most efficient and effective way, including through encouraging responsible innovation. Where necessary and appropriate, supervisors will take proportionate, effective and dissuasive action, including through civil and criminal enforcement actions.

Projects & Commitments

Risk-based supervision and the UK's regulatory regime

Action 33: Review the MLRs and OPBAS Regulations

6.10 **HMT** will lead a comprehensive review of the effectiveness and scope of the MLRs and the OPBAS Regulations and publish a report before 26 June 2022.⁶⁰ This will be an opportunity to measure the impact of the existing regulations, assess the proportionality of the duties and powers, the effectiveness of enforcement actions taken under the MLRs, the interaction of the MLRs with other pieces of legislation (like POCA) and consider options for reform. The review will be informed by analysis of impact as well as feedback from industry, law enforcement, supervisors and the broader public and civil society. The review will commence in 2021.

Action 34: Enhance FCA supervision and engagement

6.11 The **FCA** will continue to enhance its risk-based approach to AML/CTF supervision in response to the FATF MER. This will include consideration of how it can have the greatest impact across the range of firms it supervises through greater use of intelligence and data, including through the expanded use of the information collected in its annual data return. The FCA will have identified the changes it wants to make by March 2020 so they can commence implementation of changes in the next financial year (by March 2021).

6.12 The **FCA** will also continue regular engagement with industry associations to share supervisory findings from its AML/CTF programmes and engage with their members, supplemented by other AML/CTF-specific forums and events, which it intends to maintain and expand.

6.13 The **FCA** will, in partnership with the **Pensions Regulator**, continue its ScamSmart pension scams campaign. This will be supported with supervision and enforcement work to tackle scams and fraud more broadly. The FCA uses a range of data sources, including its 'Financial Lives' survey to gauge how prevalent these scams are as part of a broader effort to understand fraud risk.

6.14 The **FCA** will also continue to enhance its efforts to tackle market abuse. Over the next three years, the FCA will focus on:

⁶⁰ Under the MLRs, the government is required to undertake a review of the MLRs by this date.

- strengthening relationships with key partner organisations to improve intelligence gathering and investigations;
- educating market participants to improve standards of conduct, targeting the highest risk areas of the market;
- building the next generation in-house market surveillance capability so that the FCA can identify behaviours such as cross-market trading manipulation;
- enhancing specialist supervisory focus on the STOR regime in fixed income and commodities; and
- investigating suspicious activity, underpinned by strengthened proactive intelligence and more effective pursuit of the highest risk offenders.

Action 35: Enhance HMRC supervision

6.15 **HMRC** will deliver an enhanced risk-based approach to its AML/CTF supervision by March 2021, supported by the recent increase in charges to its supervised population. This will include tightened registration processes, greater use of behavioural science and educational material to increase compliance and an increase in interventions across their supervisory population which includes money service businesses, trust and company service providers, estate agents, high-value dealers and accountancy service providers. This will include a full review of HMRC's AML/CTF Supervision Operating model, recommendations to improve processes, and implementation of the new operating model and a new sanctions framework to ensure a robust approach that uses the full range of HMRC's powers effectively by April 2020.

6.16 **HMRC** will also carry out an annual self-assessment of its supervision's alignment to the **OPBAS** sourcebook standards. The first will begin in Autumn 2019 and the findings will be published in HMRC's 2020 supervision report. **HMT** will review and approve the self-assessment to ensure its comprehensiveness, consulting with **OPBAS** as part of this process. **HMRC** and **OPBAS** have formed a joint working group to strengthen HMRC's understanding of the **OPBAS** sourcebook and to support **OPBAS'** facilitation of collaboration and information-sharing between the professional body supervisors and statutory supervisors (see Action 9).

Action 36: Strengthen the consistency of professional body AML/CTF supervision

6.17 By December 2019, **OPBAS** will work with the **accountancy and legal professional body supervisors** to ensure they have appropriate AML/CTF strategy plans in place to address **OPBAS'** findings from its first report relating to their AML/CTF supervisory functions under the MLRs. **OPBAS** will monitor how these strategies are implemented, including formally contacting professional body supervisors on a regular basis to ensure they meet the deadlines and follow up with them to ensure they are suitably addressing ongoing actions. Following this, **OPBAS** will continue to monitor the professional body supervisors to deliver more consistent AML/CTF supervision by March 2021.

6.18 Following the Treasury Select Committee's recommendation, **HMT** will publish a detailed consideration of the process for responding to an OPBAS recommendation to remove a professional body supervisor's status as an AML/CTF supervisor, including managing changes in supervisory responsibilities, by September 2019.

Action 37: Establish the FCA as the supervisor of the future cryptoassets AML/CTF regime

6.19 The government is developing a robust regulatory response to address the risks posed by the use of cryptoassets for illicit activity, as identified by the FATF and the Cryptoasset Taskforce.⁶¹ The government therefore plans to go beyond the requirements set out in 5MLD (see Action 13), bringing all relevant cryptoasset businesses into AML/CTF regulation in January 2020. This will aim to not only meet the latest international standards but provide one of the most comprehensive responses globally to the use of cryptoassets for illicit activity. The **FCA** will be the AML/CTF supervisor of cryptoasset firms, drawing on its considerable experience in this area. In recognising the risks that these types of activities pose, the government is considering expanding the FCA's supervisory toolkit to ensure it has the appropriate means by which to introduce and maintain a strong AML regime in the UK for relevant cryptoassets firms.

Industry implementation and risk-management

Action 38: Support innovation in regulatory compliance for AML/CTF

6.20 The **FCA** will continue to engage with the private sector to support innovation related to AML/CTF (i.e. RegTech). This will include continuing to encourage businesses with innovative solutions to engage with its Regulatory Sandbox,⁶² running TechSprints, exploring new data-sharing technologies and considering how to provide clarity to firms on the use of innovative approaches to monitor customer relationships to detect money laundering and terrorist financing.

6.21 **HMT** and **UK Finance**, working with **FCA**, **Home Office**, the **Corporation of the City of London** and other public and private partners, will establish a new, senior-level Innovation Working Group to explore how to promote innovation and RegTech solutions to improve the effectiveness and efficiency of private sector preventive measures.

6.22 This group will consider what the barriers are to the adoption of innovative new solutions that could increase effectiveness and efficiency and agree solutions to addressing these barriers.

⁶¹ HM Treasury, FCA, Bank of England, Cryptoassets Taskforce: Final Report, <https://www.gov.uk/government/publications/cryptoassets-taskforce>.

⁶² Further information on the Regulatory Sandbox is available on the FCA's website: <https://www.fca.org.uk/firms/regulatory-sandAction>.

Action 39: Enhance firms' holistic response to economic crime

6.23 **UK Finance** and other **relevant industry associations** will work with its member firms to help the industry bolster their own defences and resilience and promote greater connectivity between their separate business units, such as their fraud, compliance and financial intelligence functions. This would enhance firms' counter-fraud efforts beyond risk management to make more consistent use of wider financial crime compliance systems. This should include the development and promotion of industry good practice, such as the Authorised Push Payment voluntary code, and promote information-sharing between different economic crime units with institutions to ensure organisations can engage holistically with law enforcement.

Action 40: Promote digital identity services

6.24 **HMT** will work with the new **Digital Identity Unit** and public and private partners to promote digital identity services. This will include working with **FATF** to produce new guidance clarifying the application of **FATF's** customer due diligence requirements to digital identity products and services by October 2019. It will also include changes to domestic guidance and/or regulations to reflect updates in **5MLD** and to provide additional information on verification standards. In changing domestic guidance, **HMT** will work with the bodies responsible for producing **AML/CTF** guidance (**Joint Money Laundering Steering Group, HMRC, Gambling Commission, Legal Sector Affinity Group** and the **Consultative Committee of Accountancy Bodies**).

Building community resilience

Action 41: Education and awareness-raising on economic crime threats and the recovery of criminal assets

6.25 Informed by the understanding of the threat developed by the **NECC, UK Finance** and **Home Office**, together with other public and private partners including **LSAG** and **AAG**, will lead the development of an enhanced approach to education and awareness-raising of economic crime threats by December 2019. This work, which will be part of a broader strategic communications plan on economic crime, should identify what the priority economic crime threats are for targeting through education campaigns and whether additional research on how best to effect behavioural change in the target groups is necessary. Particular consideration will be given to deterring money mules.

6.26 This work should review and consider the lessons learned from the following major economic crime campaigns:

- the Flag It Up campaign, which is targeted at promoting SAR reporting by the accountancy, legal and property sectors,⁶³ and
- the Take Five campaign, which is targeted at helping customers protect themselves from preventable financial fraud.⁶⁴

6.27 As set out in the ARAP, **Home Office** will also consider how best to empower communities and harness wider public engagement to help identify high end criminal assets and where they are located (see Action 11).

⁶³ Further information is available here: <https://flagitup.campaign.gov.uk/>.

⁶⁴ Further information is available here: <https://takefive-stopfraud.org.uk/>.

Strategic Priority Six: Transparency of Ownership

Objective

Improve our systems for transparency of ownership of legal entities and legal arrangements

Introduction

7.1 Identifying who owns and ultimately controls a corporate entity is vital to expose wrongdoing and disrupt economic crime. The overwhelming proportion of the over 4 million UK companies are used for legitimate purposes. The misuse of legal entities in recent years however – through scandals including the Global and Azerbaijani Laundromats – has undermined the UK’s reputation for clean business and demonstrated how criminals continue to use complex corporate structures to conceal their involvement in, and launder the proceeds of, their illegal activity. Improving the accuracy of information we hold on the ultimate ownership and control of UK registered legal entities and improving our understanding of the true beneficiaries of other legal arrangements such as trusts has been at the heart of the government’s efforts to tackle the most pressing risks facing the UK.

7.2 The UK has been a global pioneer in developing and implementing an effective transparency of ownership regime. The UK’s G8 Presidency in 2013 established trade, tax and transparency as priority themes, with the UK committing unilaterally to make its central registry of company beneficial ownership publicly accessible. The 2016 London Anti-Corruption Summit agreed new commitments on ownership transparency.

7.3 The UK has also encouraged action by its Overseas Territories and Crown Dependencies in line with evolving international norms. In 2017, the UK government entered an agreement with these jurisdictions to allow law enforcement access to company beneficial ownership information within 24 hours, or one hour if needed. A Statutory Review of these arrangements, published in June 2019, has shown that these arrangements are operating well.⁶⁵ In parallel, a UK-led international campaign is seeking to strengthen beneficial ownership transparency internationally.

7.4 To improve transparency, the UK introduced the first public register of people with significant control over companies, commonly termed beneficial owners, in 2016. This was accompanied by related measures such as the abolition of bearer shares in companies. In 2018, FATF recognised the UK as ‘a global leader in promoting corporate transparency’, with the UK becoming only the eighth country assessed by FATF at that point to be found to have a substantially effective framework for transparency over corporate entities. However, FATF recommended further improvements to the quality of information held at Companies House.

⁶⁵ Home Office, Statutory Review of the Exchange of Notes Arrangements, <https://www.gov.uk/government/publications/statutory-review-of-the-exchange-of-notes-arrangements>.

7.5 As set out in this plan, the government has embarked on a set of measures to improve the UK's regime for transparency of ownership in recent years. Newly announced proposals to reform Companies House will, if implemented in full, ensure that it is equipped with greater legal powers to query and seek corroboration on information submitted to it, amend and update errors on the register and work more closely with law enforcement and other partners to support investigations into those engaging in illicit activity. In the short term, the UK is continuing to enhance the quality of information held at Companies House by:

- continuing to invest in and develop technological solutions to improve automated checks on information received;
- closer cooperation between Companies House and UK law enforcement bodies, including making law enforcement aware of the breadth of information held on the register;
- closer cooperation between Companies House and the private sector; and
- transposing requirements within 5MLD, which will require firms within the AML/CTF-regulated sectors to directly inform Companies House of discrepancies between the beneficial ownership information that they have obtained through their customer due diligence measures, and information held at Companies House.

7.6 To improve the effectiveness of detecting incorrect and possibly suspicious information on who ultimately owns and controls corporate entities, it is necessary to be able to cross check the information received from companies against accurate and regular sources of information from both public and private sector organisations, and intermediaries that interact with corporate entities at various stages over their lifetime. This depends on robust systems and active participants to record timely, accurate and up-to-date information, not only on the ultimate beneficial owners of corporate entities, but potentially on basic corporate information too, and for this information to be readily accessible to law enforcement. While it may never be possible to reach 100% accuracy of basic and beneficial ownership information, we must aim to make the information available as accurate as possible.

7.7 To ensure a truly comprehensive transparency of ownership regime the following measures will be progressed over the lifetime of the plan:

- The Department for Business, Energy and Industrial Strategy (BEIS), announced, in May 2019, proposals for reform of Companies House which will, if implemented in full, constitute the most significant reforms of the UK's company registration framework in 175 years.⁶⁶ These proposals have been brought forward following the extensive evidence that a minority of UK companies are misused to facilitate economic crime.
- Announced in December 2018, final proposals for reform of limited partnerships which will be brought forward when Parliamentary time allows. These proposals will build upon reforms in 2017, which brought Scottish limited partnerships into the scope of the UK's public register of beneficial

⁶⁶ BEIS, Corporate Transparency and Register Reform, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/799662/Corporate_transparency_and_register_reform.pdf.

ownership. Since introduction, the numbers of newly formed Scottish limited partnerships have fallen by 80% year-on-year.

- Finalising legislation, via Parliamentary pre-legislative scrutiny, that will establish a public register of the beneficial owners of overseas entities that own UK property (the Registration of Overseas Entities Bill). This register will be the first of its type in the world and bring new levels of transparency to overseas ownership of the UK property market.
- Expansion of the Trust Registration Service by implementing 5MLD to bring within scope all UK trusts, regardless of whether they generate a UK tax consequence, as well as all non-EEA trusts which acquire real estate within the UK. Beneficial ownership information will be publicly accessible to those that demonstrate a 'legitimate interest' in access to data on this register.

7.8 Efforts in the UK are not enough. To end the criminal abuse of companies, the world needs efficient ways to share and access high-quality information about who owns and controls companies. The UK will work with like-minded partners to create a new global norm of accessible company beneficial ownership information that is linked across borders. In addition, work is already underway in the UK to encourage take-up of the Legal Entity Identifier, a unique global identification standard which will increase transparency around ownership structures across borders.⁶⁷

The public-private partnership

7.9 While the legal reforms outlined above sit with the public sector, enhanced information on the ownership of UK entities will benefit both private and public sectors. The private sector has a crucial role in ensuring the accuracy of beneficial ownership information while at the same time providing confidence in the effectiveness of their CDD measures. These public sector reforms can be greatly enhanced by fully utilising private sector client knowledge, which can build on the information held by Companies House. The benefit to law enforcement agencies in gaining free, instant access to more accurate and comprehensive information regarding the ownership of corporate structures is clear.

Projects and commitments

Action 42: Reform Companies House

7.10 **BEIS** is currently consulting on proposals that, if implemented in full, will fundamentally reform **Companies House**, including by giving it powers to query information submitted to the UK's company register, and to seek additional evidence/information where appropriate. This work will be integrated into Companies House's existing change programme, including reforms to ensure that Companies House is properly equipped to deliver these expanded functions, and with the right capabilities to challenge inaccurate or misleading information that is submitted. Any necessary changes to the statutory framework or the fees charged by Companies House to deliver these reforms should be put in place during the lifetime of this plan.

⁶⁷ Further information is at: <https://www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei>.

7.11 As is set out in BEIS' consultation of May 2019, there are a range of options for how the UK can improve the quality of information on the Companies House register. Through BEIS' consultation process, HMG should identify which of these approaches – including the verification of identities of directors, beneficial owners, and company presenters – should ultimately be implemented. Following reform, Companies House will play a more active role in the UK's wider system for combatting economic crime. This will include enhanced mechanisms by which Companies House can share information with HMRC and other law enforcement authorities, including through comparing information held about accounts filed by UK corporates. The increased volume of information held by Companies House will facilitate more readily the identification of suspicious activity or trends/patterns that cause concern. Depending on new legal powers, Companies House could develop new partnership work with public sector, private sector and civil society partners to identify high risk typologies and abuse patterns on the register.

Action 43: Introduce a requirement to report discrepancies of beneficial ownership information

7.12 **HM Treasury** will legislate by January 2020 to require regulated firms within the AML/CTF-regulated sectors to report discrepancies between beneficial ownership information available at Companies House, and information which they obtain through their own compliance checks. This will enhance the accuracy of information at Companies House in the short-term. This will occur as part of the 5MLD transposition (see Action 13). Broader reforms to Companies House will consider how company formation agents can evidence that they have conducted satisfactory CDD on their customers.

Action 44: Enhance transparency of overseas ownership of UK property and reform limited partnerships

7.13 The government confirmed in January 2018 the timetable by which it would deliver the 2016 Anti-Corruption Summit commitment to establish a public register of beneficial owners of non-UK entities that own or buy UK property. A draft Bill was published in July 2018 and underwent pre-legislative scrutiny in the spring of 2019. **BEIS** intends to introduce this Bill to Parliament early in the next Parliamentary session when Parliamentary time allows, with the register to be operational with the support of **Companies House** in 2021.

7.14 The government committed in December 2018 to reform limited partnerships, including through ensuring that limited partnerships could only be registered through a MLR-regulated company formation agent that is either supervised in the UK or subject to equivalent supervision requirements overseas, by requiring limited partnerships to maintain an ongoing connection with the UK and by giving Companies House a power to strike off from the register dissolved or inactive limited partnerships. **BEIS** will bring forward legislation to give effect to these commitments when Parliamentary time allows.

Strategic Priority Seven: International Strategy

Objective

Deliver an ambitious international strategy to enhance security, prosperity and the UK's global influence

Introduction

8.1 We aim to develop an ambitious international strategy to enhance the global commitment and capacity to combat economic crime that will strengthen security, prosperity and the rules-based international system. This will be achieved through the delivery of three supporting objectives:

- maintaining and where necessary strengthening international standards, conventions and norms, and ensuring they are being effectively implemented;
- supporting sustainable development by strengthening resilience to economic crime and illicit finance; and
- protecting and promoting the UK's reputation.

8.2 Tackling international illicit financial flows is a top priority for the UK. It is critical in terms of reducing threats to the UK, protecting and promoting the UK's role as a financial centre, and reducing the destabilising impacts of illicit finance on the wider world, particularly developing countries. Success on this agenda will underpin our support for the rules-based international system. Closer bilateral and regional cooperation on tackling economic crime can help improve collective defences, increase enforcement outcomes such as the recovery of proceeds of crime across international boundaries (as referenced in the ARAP at Action 11). Strong public-private partnerships will help the private sector better understand and manage economic crime risks in high-risk jurisdictions and emerging markets, where there can be complex relationships and policy tensions to be managed.

8.3 Continued security cooperation with the EU will help ensure that UK standards do not simply displace economic crime to more vulnerable and smaller jurisdictions. As the UK leaves the EU, we will continue to work to reach a shared commitment to address the threats we face together through a new, robust and comprehensive partnership.

8.4 As a stable democracy, a major exporter and overseas investor and the world's largest centre for cross-border banking, the UK is an attractive destination for the proceeds of crime originating from overseas-based organised crime groups. A high proportion of these criminal proceeds are used to fund further criminal activity, fuelling the cycle of crime. These illicit financial flows harm our economy, as well as

the integrity and reputation of our financial system. Money held in the UK by those linked to organised crime and/or corruption also has the potential to represent a threat to the UK's national security.

8.5 Economic crime undermines development by distorting governance and economic outcomes, diverting resources, locking in power within elites, undermining the rule of law, and enhancing inequality. It has a disproportionately significant impact on the economy and functioning of the state in developing countries. Developing countries are also a key focus for the efforts of this plan because the weak institutions, 'deals-based' environments and selective or unequal application of the rule of law in some developing countries makes them ripe for the enablement of illicit financial flows. Sustainable development, which eradicates poverty and creates the foundations for global security and prosperity, requires the UK to build alliances that shape global rules, financial systems and capital flows, and improve the provision of global public goods.

International Illicit finance is a term commonly used to describe financial proceeds of crime that cross any international border. This can take a number of different forms, for example:

- where a crime is committed in one country and the financial proceeds of that crime flow into another country, possibly via multiple other jurisdictions, before being deposited potentially in the form of money in a bank account or potentially invested into physical assets such as property;
- where a crime is committed in the UK and the financial proceeds of the crime are transmitted overseas, potentially through multiple jurisdictions; and
- where a UK-based person or company is complicit in facilitating transmission of the proceeds of crime, even if the money never enters the UK.

8.6 The FATF MER found that the UK has a highly effective understanding of the threats it faces. As outlined in the preceding chapters in this plan however, there is more to be done to enhance the UK's domestic response to economic crime. The UK must progress the necessary domestic reforms in order to engage operationally and at a strategic level as a highly credible international partner in the fight against international illicit financial flows and economic crime.

8.7 There is a vast range of work being undertaken both domestically and internationally by the public, private and third sectors, including those set out in the UK Anti-Corruption Strategy. The actions here are an articulation of the priority actions that the public and private sectors can undertake to reduce the threat and occurrence of economic crime internationally. They set out how we intend to improve our understanding of international illicit finance, increase compliance with international standards and enhance overseas capabilities. We also set out how we will enhance our capacity to pursue overseas corruption and bribery and support companies to do business with integrity in developing countries.

The public-private partnership

8.8 The public and private sectors have mutually reinforcing roles in tackling international economic crime and cross-border illicit financial flows. Strong domestic implementation of international standards is essential both in reducing the overall illicit finance threat to the UK and other countries and in providing the credibility and best practice to encourage others to follow suit. Effective national implementation of new standards can help to address regulatory fragmentation and complexity, simplifying private sector compliance and releasing specialist resources to focus on investigating and tackling international criminal networks.

8.9 The implementation of international standards overseas, particularly in priority jurisdictions, is essential to tackle illicit finance and economic crime. Engagement to build political will and capability is led by the public sector at a political level, but is dramatically enhanced through the support of the private sector. The joint threat assessment process can support public-private engagement with priority jurisdictions, such as by understanding pivotal financial centres where international illicit financial flows can be most effectively countered or where international economic crime is being displaced to more vulnerable jurisdictions. Improved compliance with international standards supports the UK private sector to work abroad by minimising risk and providing new opportunities to undertake business with integrity.

Projects and Commitments

Action 45: Improve understanding of the nature and impact of the international threat

8.10 To effectively target and prioritise engagement to have the maximum impact, there needs to be a shared understanding of the international economic crime and illicit finance threat. Understanding the threat is one of the key priorities of this plan and a common understanding of the international threat will inform the development of domestic and international action to mitigate the threats, both to the UK and globally. To achieve this, we will undertake the following:

- the **NECC** will continue to work with its partners and grow its international team to maximise the understanding of the threat posed to the UK by jurisdictions of risk, including through the public-private threat assessment process (see Action 1);
- the **UKFIU** will further increase its engagement with the Egmont Group of FIUs and bilaterally with other FIUs, engaging in projects that undertake analysis of international money flows, to protect the UK and the global financial system; and
- the **Home Office, HM Treasury** and **DFID** will establish a single coordinated UK government response to international illicit finance, with a shared understanding of the problem delivered through targeted analysis

including the Serious and Organised Crime Joint Analysis, the UK's NRAs, and thematic assessments.

Action 46: Joint work on meeting international standards

8.11 The international system as a whole is only as strong as its weakest link, and vulnerabilities in one jurisdiction or region can have an impact on the integrity of the international system as a whole. Some countries have demonstrated a lack of will and/or capacity to implement global standards and rules including those set out by FATF, Egmont, the OECD Anti-Bribery Convention, UNCAC and the UN Convention on Transnational Organised Crime. The UK's engagement with multilateral standard-setting bodies can be bolstered through bilateral relationships with priority countries to increase commitment and capability.

8.12 Building the will and capability to comply with international standards can be best progressed in partnership. To achieve this, we will undertake the following:

- the public sector, led by **Home Office** and **HM Treasury**, will continue to work towards implementing the recommendations agreed in March 2017 as part of the OECD Working Group on Bribery Phase 4 Report on Implementing the OECD's Anti-Bribery Convention as well as the findings of the 2018 FATF MER and UNCAC review;
- **HM Treasury**, through the government's Prosperity Fund, will support the FATF global network through dedicated funding to FATF-Style Regional Bodies, support for the FATF secretariat to increase its engagement with the global network and provide training to members, as well as increasingly engaging with the MERs conducted by the FATF-Style Regional Bodies and sharing best practice;
- led by **HM Treasury** and **UK Finance**, the public and private sectors will jointly engage with priority jurisdictions, presenting a shared understanding and commitment to support increased compliance with international standards. This could include, for example, sharing best practice for complying with the FATF standards and preparing for a MER. This will be delivered through a range of mechanisms with support from the **Corporation of the City of London**, such as UK-hosted events for foreign businesses and governments, bilateral engagement in priority countries and industry-led events focused on sharing experiences and best practice;
- led by **HM Treasury**, **Home Office** and **DFID**, the public and private sectors will co-ordinate the provision of technical assistance to provide end-to-end support to increase understanding and capability in the public and private sectors in priority jurisdictions;
- the **Home Office** will deliver a global programme to share expertise and build capacity to facilitate public-private financial information-sharing partnerships using shared expertise; to support more effective implementation of UNCAC, **FCO**, with the United Nations Office on Drugs and Crime, will continue their regionally focused work with parties to

address priority areas for reform and provide technical assistance and training to developing countries;

- to support greater transparency and scrutiny in public procurement decisions, the **FCO** will continue to work with the **Government Digital Service's** Global Digital Marketplace Programme to build capability in developing countries on digital procurement systems, standards, processes and policies, delivery planning and assurance, and publishing open contracting data. This will empower the public, private and social enterprise sectors and civil society, to mitigate economic crime and corruption risks; and
- to support the development of more effective approaches to combatting economic crime, **HM Treasury**, **Home Office** and **DFID** will increase engagement with the private sector and civil society to ensure that their views are shared with international forums on priority issues such as cross-border information sharing, beneficial ownership transparency, international bribery standards and the use of innovative technologies.

Action 47: Enhance overseas capabilities

8.13 Supporting other countries to tackle economic crime and illicit finance, as well as sharing and developing best practice, requires the UK to have sufficiently skilled technical resource in high priority areas, for example use of financial intelligence, specialist supervision, data analytics and risk analysis. There can be a tension between domestic priorities and international outreach and engagement. But recognising that domestic and international action are mutually supporting, managing resources in line with this will help to facilitate a holistic approach to reducing illicit financial flows and economic crime. These specialist skills can be found in both the public and private sectors, with each having a valuable contribution.

8.14 To meet this aim, we will undertake the following:

- **DFID** will initiate the development of a new hybrid platform (the **International Centre of Excellence**) combining highly qualified public, private and academic expertise in understanding and addressing international illicit finance, with capacity to both support overseas efforts and to enhance cooperation with priority jurisdictions;
- through the **Home Office's**, **DFID's** and **FCO's** SOCNet⁶⁸ and the new **DFID** illicit finance network, we will establish new coordinated networks of policy expertise dedicated to tackling illicit finance in existing and emerging regional and global financial centres;

⁶⁸ SOCnet, a key deliverable of the 2018 Serious and Organised Crime Strategy, is a tri-departmental network of 18 policy officers, based overseas. It includes an 'Illicit Finance' network with experts sitting in global financial centres.

- **DFID** will scope the establishment of a new Global Financial Investigators Academy to train financial investigators;
- **FCA, HMRC** and the **Gambling Commission** will consider international engagement and assistance in their business planning to facilitate the sharing of best practice with overseas supervisory counterparts and **HM Treasury** and **OPBAS** will support the development of links between professional body supervisors to share understanding of risk, best practice and the UK's experience in regulating professionals under the MLRs;
- led by the **NECC**, UK law enforcement agencies will continue to embed staff in high priority jurisdictions to facilitate closer working relationships and joint responses to shared threats, including, where appropriate, with the private sector;
- the **UKFIU** will increase its capacity to cooperate internationally and continue to engage with its counterpart FIUs to share expertise and perspective, both bilaterally and multilaterally; and
- **Cabinet Office** will continue to work with partners in other countries to share leading practice in fighting fraud against the public sector through ongoing leadership of the International Public Sector Fraud Forum.

Action 48: Strengthen capability to investigate and prosecute bribery and corruption overseas

8.15 With **DFID's** support, the public sector will increase UK law enforcement agencies' capability to investigate and prosecute the laundering of corrupt money from developing countries through the UK and bribery in developing countries by UK companies or citizens. Since this UK Aid programme began in 2006, almost £800m of assets stolen from developing countries have been restrained, confiscated or returned, 30 companies and individuals have been convicted in the UK of money laundering, bribery and corruption offences; and the programme has facilitated developing countries to pursue and complete their own cases.

8.16 From 2020 to 2025, UK Aid will continue and increase funding to the International Corruption Unit at the **NCA** and the **CPS** so they can increase their staffing. This will enable more action in the UK to recover and return assets stolen from developing countries by corrupt individuals, and to pursue UK companies and nationals who engage in bribery and corruption in developing countries.

8.17 The **FCO** will continue to fund the International Anti-Corruption Co-ordination Centre (IACCC), which brings together specialist law enforcement officers from multiple jurisdictions into a single location to target grand corruption, working to trace and freeze and ultimately return stolen assets. In 2018 the IACCC provided vital intelligence support to progress nine grand corruption investigations, two senior officials were arrested as a direct result and the IACCC identified and disseminated intelligence relating to £51 million of worldwide suspicious assets.

Action 49: Promoting integrity in business internationally

8.18 The government wants to improve its offer to businesses seeking to succeed in emerging markets and fast-growing developing countries. As committed to in the 2017 Anti-Corruption Strategy, the Prime Minister announced the cross-government Business Integrity Initiative in 2018. The Initiative, led by **DFID**, provides practical guidance especially on issues such as bribery and human rights concerns to help businesses trade with and invest in new markets and includes:

- online guidance for exporters highlighting integrity risks to be aware of when doing business abroad and signposting to resources;
- the Business Integrity Consultancy Service, which provides up to 5 days of match-funded, tailored guidance from a consultant on topics including legal requirements for business, prevention and risk mitigation, collective action and human rights; and
- market and sector specific guidance for Kenya, Pakistan and Mexico, delivered through three country pilots to test how HMG can effectively provide business integrity support through UK missions (from March 2019 to March 2020).

8.19 This support helps firms enjoy sustainable commercial success and promote the UK as a trustworthy partner in line with the 'Global Britain' strategy. While the Initiative has seed funding from DFID's International Action against Corruption programme of £1.4 million (2017-21), it is jointly implemented with other UK government departments, especially the **Department for International Trade** and the **FCO**. It will be also supported by the **Corporation of the City of London**, via their work on the Sustainable Development Capital Initiative.

8.20 The **FCO** will continue to support OECD in enhancing the wide range of existing work across the organisation to strengthen business integrity. This includes helping countries better understand the multi-dimensional risks of corruption and illicit finance through greater knowledge sharing and to mitigate these risks by increasing co-operation, institutional partnerships and targeted engagement.

Governance and the public-private partnership

Current governance

9.1 The Economic Crime Strategic Board sits at the top of the economic crime governance. Jointly chaired by the Home Secretary and the Chancellor, the Board includes cross-sectoral government and private sector representation. The Board drives the public and private sector response to economic crime by setting shared strategic priorities for tackling economic crime and ensuring resources are aligned to deliver these priorities. The Board also holds the economic crime system to account for performance against the strategic priorities. The Board is ultimately the body that is accountable for the development and delivery of this plan. The Board also has oversight of matters in Scotland and Northern Ireland which are reserved to the UK government. Responsibility for non-reserved criminal justice matters in Scotland and Northern Ireland lies with the Scottish Government and Northern Ireland Department of Justice.

9.2 The Board is supported by the Economic Crime Delivery Board, Private Sector Steering Group and other working groups. The Economic Crime Delivery Board, jointly chaired by the Permanent Secretary of Home Office and the Second Permanent Secretary of HM Treasury, provides senior oversight and drives forward the various components of economic crime reform within the public sector. The joint Home Office, HM Treasury and UK Finance-chaired Private Sector Steering Group brings together senior representatives from across the private sector including the financial, property, accountancy and legal sectors. It focuses on developing shared strategic priorities with the private sector and has led the development of this plan.

9.3 The economic crime governance is relatively new, with the current governance being formally established in June 2018. The new governance structure provides senior oversight of economic crime and is genuinely public-private for the first time. It is important that the governance continues to evolve to ensure that it effectively implements the actions outlined in this plan and addresses new threats as they emerge.

Projects and Commitments

Action 50: Review the economic crime governance

9.4 **Home Office** and **HM Treasury** will review the current economic crime governance by September 2019 to ensure it is able to effectively implement the actions set out in this plan. The review should consider whether there is appropriate representation from public and private sectors, noting the tension between inclusion and efficiency, and ensure there is sufficient accountability and transparency regarding the activity of the public-private economic crime governance.

9.5 The review will consider the links between the current economic crime governance and other governance structures and, where possible, seek rationalisation or better coordination across the following:

- serious and organised crime, cyber, terrorist financing and anti-corruption governance;
- the SARs Transformation Programme; and
- the NECC.

Action 51: Develop stronger public-private and private-private partnerships

9.6 **Home Office, HM Treasury and NECC** will lead outreach to better engage with sectors and organisations not currently represented in economic crime governance. This should consider the need to engage smaller and geographically-diverse organisations to ensure the full range of economic crime is being addressed and should also prioritise engagement with non-MLR regulated sectors such as social media, telecommunications and technology companies.

9.7 Informed by lessons learnt from platforms such as the JMLIT and Joint Money Laundering Steering Group,⁶⁹ **UK Finance** will work with other financial and payment associations, **LSAG, AAG** and the **Corporation of the City of London** to consider how best to enhance cross-sectoral cooperation in combatting economic crime. This could include the use of new or pre-existing governance and mechanisms to share information on best practice, lessons learned and ways of working, as well as identifying clear channels for cross-sectoral industry communication.

Action 52: Enhance engagement with civil society

9.8 Currently, the economic crime governance does not have any formal links with representatives from non-government organisations, academia, victims' groups and civil society. As part of the review of economic crime governance, **Home Office, HM Treasury and NECC** will work with civil society to create a formalised civil society-led mechanism to facilitate engagement on both our policy and operational response to economic crime.

⁶⁹ JMLSG is a private sector organisation that brings together trade bodies in the financial services sector to develop common guidance, as well as sector specific guidance, for meeting legislative and regulatory AML/CTF requirements.

Monitoring the plan

Review and accountability of the plan

10.1 The implementation of this plan will be overseen by the ministerial Economic Crime Strategic Board, which commissioned the development of this plan. The Board will review progress in implementing the plan and will test whether the actions are driving up the UK's response to economic crime. The Board will carry out a formal review of implementation of the plan and will make a statement on progress in July 2020.

10.2 The Economic Crime Delivery Board, Private Sector Steering Group and other relevant working groups will monitor implementation and coordinate progress on a more routine basis.

10.3 The plan is designed to be receptive to any major changes to the UK's economic crime threat profile. The Economic Crime Strategic Board may seek to update the priorities and actions in the plan to address the emergence of a new major economic crime threat.

Measuring success

10.4 This plan will be monitored against a set of key economic crime performance questions (KPQs), set out below, supplemented by the detailed evaluation of the impact of specific programmes. This will form part of the wider National Serious and Organised Crime Performance Framework, developed by the Home Office and NCA in conjunction with stakeholders from across the system, to deliver a quantitative and qualitative approach to understanding the impact of the UK's overseas and domestic response to serious and organised crime. This framework is overseen by the National Security Implementation Group on Serious and Organised Crime:

- KPQ 1: How comprehensive is our understanding of economic crime threats and vulnerabilities?
- KPQ 2: How effectively are we pursuing serious and organised economic criminals in the UK, online and overseas?
- KPQ 3: How effectively are we building resilience in the public and private sector against economic crime?
- KPQ 4: How effectively are we supporting those impacted by economic crime?
- KPQ 5: How effectively are we deterring people from involvement in economic crime?
- KPQ 6: How effectively are we developing core capabilities to address emerging economic crime threats?

- KPQ 7: How effectively and efficiently are we managing our resources in countering economic crime?

10.5 In addition, a performance framework will be developed to monitor progress towards the economic crime strategic objectives which introduce each chapter of this plan, and to make informed decisions about the most effective, efficient way to allocate and achieve value for money.

10.6 The UK's AML/CTF regime will also undergo a targeted review in 2023 as part of its fifth-year follow-up by the FATF following the 2018 MER. This will act as a focused re-evaluation of areas of weakness in the UK's AML/CTF regime.

Annex A – Organisations consulted in development of this plan

This plan was developed through targeted consultation with the public and private sectors and civil society in the first half of 2019. In addition to the extensive consultation with public sector representatives, the following private sector and civil society organisations were consulted in the development of this economic crime plan through industry associations.

Accountancy

Accountancy Affinity Group
Association of Accounting Technicians
Association of Chartered Certified Accountants
Association of International Certified Professional Accountants
BDO
Bishop Fleming
Chartered Accountants Ireland
Chartered Institute of Taxation
Deloitte LLP
Ernst & Young LLP
Institute of Chartered Accountants England & Wales
Institute of Chartered Accountants Scotland
Institute of Financial Accountants
International Association of Bookkeepers
Mazars
KPMG
PWC
RSM
UHY

Banking, finance and payments

Answer Digital
Association of British Insurers
Association of Foreign Banks
Aviva

Aviva Investors
Barclays
Coinbase
Contis
Cornercard
DVB Bank
Electronic Money Association
Entersekt
Electronic Payments Association
Esure
Fintrail
First Abu Dhabi Bank PJSC
GBG
Go Cardless
Google
HSBC
Insurance and Life Assurance Group
Investment Association
Joint Money Laundering Steering Group
JP Morgan
Kompli
Lloyds Banking Group
Loot
LV
M&G
ModulrFinance
Morgan Stanley
National Bank of Greece
Nationwide
Optal

Paddle
Paybase
Paysafe Group
RBS
Refinitiv
Santander UK
Sarasin
Standard Chartered
SWIFT Institute
Tide
Transferwise
Trustly
Turkish Bank
UK Finance and UK Finance members
involved in relevant panels
Verafin
Western Union
WorldFirst
W2 Global
Zurich

Gaming

British Amusement Catering Trade
Association
British Racecourse Bookmakers'
Association
Camelot
Federation of Racecourse
Bookmakers Association
Hospice Lotteries Associations
Lotteries Council
National Casino Forum
Remote Gambling Association

Fraud

Cifas
Insurance Fraud Bureau

Legal

Aros Smith
Bar of Northern Ireland
Blackadders

Bordies
Bryan Cave Leighton Paisner
BTO
Clyde & Co
Dalling & Co
Faculty of Advocates
Harper Macleod
Herbert Smith Freehills
Hickman and Rose
Law Society of England and Wales
Law Society of Northern Ireland
Law Society of Scotland
Legal Sector Affinity Group
Mayer Brown
Peterkins
Solicitors Regulation Authority
Thorntons
Wright, Jonhston & Mackenzie

NGOs and academic

Cardiff University
Corruption Watch
Global Witness
Northumbria University
OSF
Police Foundation
Queen Mary University
Royal United Services Institute
Sheffield University
Tackling Economic Crime Awards
Tax Justice Network
University of West London

Property

Arnolds Key
Bedfords
Connells Group
Foxtons
National Association of Estate Agents
Quality Homes
Sawdye & Harris
Watsons Property

Annex B – Glossary

Meanings of key agencies, terms and acronyms

5MLD: Fifth Money Laundering Directive.

Accountancy Affinity Group (AAG): The AAG is a meeting of all of UK accountancy professional body AML/CTF supervisors which aims to support the achievement of the UK's AML/CTF regime through the development of guidance, sharing best practices, input to national developments and liaison with government.

Action Fraud: The UK's single point of reporting for fraud and cyber-crime.

AML/CTF: Anti-Money Laundering and Counter-Terrorist Financing.

AML/CTF supervisors: Supervisors oversee AML/CTF compliance for regulated entities. There are three statutory supervisors (FCA, HMRC and the Gambling Commission) and there are 22 approved professional body supervisors for supervising the legal and accountancy sectors.

Attorney General's Office (AGO): The AGO supports the Attorney General and the Solicitor General in their duty to provide legal advice to the UK government and to oversee the main prosecution authorities in England and Wales – the CPS and SFO.

Cabinet Office: The Cabinet Office supports the work of the National Security Council through the National Security Secretariat. The Cabinet Office is also the centre of the Government Counter Fraud Function, which brings together those working on fraud and economic crime across central government to set standards, develop capability and give expert advice. The Cabinet Office oversees the development of capability to counter fraud in the public sector, through the Government Counter Fraud Profession.

Companies House: Companies House is the registrar for UK legal persons.

Crown Prosecution Service (CPS): The CPS prosecutes serious and organised crime cases in England and Wales. CPS pursues all confiscation proceedings flowing from criminal investigations conducted by NCA and HMRC and undertakes both criminal confiscation and civil recovery proceedings in conjunction with ROCUs and police forces.

DCPCU: Dedicated Card and Payment Crime Unit.

Department for Business, Energy and Industrial Strategy (BEIS): BEIS is responsible for policy relating to business, including ensuring there is transparency around who ultimately owns and controls a company, which is an important part of the global fight against corruption, money laundering and terrorist financing.

Department for Digital, Culture, Media and Sport (DCMS): DCMS leads the government's relations with the technology industry, including with communications service providers, while also overseeing data protection responsibilities.

Department for International Development (DFID): DFID leads the UK's work to end extreme poverty and to deliver programmes to tackle insecurity and conflict in

developing countries. This includes addressing underlying social and economic problems (such as corruption) that enable serious and organised crime to flourish.

Devolved Administrations (DAs): DAs are responsible in Northern Ireland, Scotland and Wales for the functions which have been devolved to them according to their different devolution settlements. Policing and justice are devolved in Scotland, where they are overseen by the Justice and Safer Communities Directorates and to Northern Ireland where they are overseen by the Department of Justice. The Lord Advocate is responsible for the investigation and prosecution of crime in Scotland. The Economic Crime and Financial Investigation Unit of Police Scotland investigates economic crime in Scotland, and cases are then prosecuted by the Crown Office and Procurator Fiscal Service (COPFS), or in the case of civil recovery actions, they are pursued by the Civil Recovery Unit. The Economic Crime Unit of the Police Service of Northern Ireland (PSNI) leads financial crime investigations that are not the responsibility of a specialised agency (e.g. NCA or SFO), which are then prosecuted by the Public Prosecution Service of Northern Ireland.

FATF: Financial Action Task Force.

Financial Conduct Authority (FCA): The FCA regulates the financial sector and financial advisers, and will pursue criminal prosecutions, including for market manipulation. It is also an AML/CTF supervisor for financial institutions.

FIU: Financial Intelligence Unit.

Foreign and Commonwealth Office (FCO): The FCO is responsible for delivering diplomatic and practical support to our priorities overseas, including on AML/CTF, serious and organised crime and corruption.

HM Inspectorate of Constabulary, Fire Rescue Services (HMICFRS): HMICFRS independently assesses the effectiveness and efficiency of police forces and fire & rescue services. It assesses whether services are sufficient to meet the public interest and has a role to play in tackling corruption.

HM Revenue and Customs (HMRC): HMRC is the UK's tax and customs authority, responsible for tackling fiscal fraud, with civil and criminal powers to investigate tax fraud. It is also an AML/CTF supervisor, including of money service, estate agency, trust and company service and accountancy businesses and high value dealers.

HM Treasury (HMT): HMT is responsible for regulating the financial and banking sectors, for the MLRs and overseeing AML/CTF supervision. HMT leads the UK's engagement with the FATF.

Home Office: The Home Office is responsible for leading the UK's response to crime, working closely with the police, security and intelligence agencies and across government to do this. The Home Secretary and Minister of State for Security and Economic Crime have ministerial oversight at a policy level for the criminal justice aspects of the AML/CFT system, including national security and counter-terrorism policy, as well as oversight of the NCA.

Information Commissioner's Office (ICO): The ICO is the UK's independent body set up to uphold information rights.

Joint Fraud Taskforce (JFT): The JFT was set up in 2016, together with the private sector, law enforcement and government to protect the public from fraud.

Joint Money Laundering Intelligence Taskforce (JMLIT): Established in 2014 and launched as an operational pilot in 2015, the JMLIT has provided a mechanism for law enforcement and the financial sector to share information and work more closely together to detect, prevent and disrupt money laundering and wider economic crime. It is situated in the NECC.

Legal Sector Affinity Group (LSAG): The LSAG is a meeting of all of UK legal professional body AML/CTF supervisors which aims to support the achievement of the UK's AML/CTF regime through the development of guidance, sharing best of best practices, input to national developments and liaison with government.

MER: Mutual Evaluation Report.

MLRs: *Money Laundering, Terrorist Financing and Transfer of Funds Information on the Payer) Regulations 2017*

Ministry of Justice (MoJ): MoJ works to protect the public and reduce reoffending, and to provide a more effective, transparent and responsive criminal justice system for victims and the public. It is also responsible for ensuring that prison and probation services disrupt crime-related activity as part of a lifetime offender management approach.

NAC: National Assessments Centre.

National Crime Agency (NCA): The NCA leads and coordinates law enforcement's response to serious and organised crime in England and Wales and is responsible for developing a single authoritative view of the threat. The NCA also has a network of international liaison officers and is responsible for a number of national functions, including responsibility for liaising with Europol and Interpol. The NCA is led by a Director General and overseen by the Home Secretary, but is operationally independent.

National Economic Crime Centre (NECC): The NECC is a collaborative, multi-agency centre that has been established to deliver a step change in the response to tackling serious and organised economic crime. The NECC sets threat priorities which informs operational coordination between partners and facilitates the exchange of data and intelligence between the public and private sectors.

National Fraud Intelligence Bureau (NFIB): The NFIB is a unit in the City of London Police, responsible for gathering and analysing intelligence relating to fraud and financially-motivated cyber-crime.

National Police Chiefs' Council (NPCC): The NPCC is the body responsible for the coordination of policing operations, reform, driving improvements and ensuring value for money.

NDEC: National Data Exploitation Capability.

NPA: New Payments Architecture.

NRA: National Risk Assessment.

OECD: Organisation for Economic Co-operation and Development.

Office for Professional Body AML Supervision (OPBAS): OPBAS is an oversight body for the legal and accountancy sectors. It was created to address the weaknesses in AML/CTF supervision in the legal and accounting sectors identified in the 2015 NRA. It has a focus on improving application of the risk-based approach and ensuring that effective, proportionate and dissuasive sanctions are applied.

Office of Financial Sanctions Implementation (OFSI): A part of HM Treasury that helps to ensure that financial sanctions are properly understood, implemented and enforced in the United Kingdom.

POCA: *Proceeds of Crime Act 2002.*

Police Forces: Most of the operational work against crime in the UK is conducted by the 43 police forces in England and Wales at a regional and local level and by the Police Service of Scotland (Police Scotland) and Police Service Northern Ireland (PSNI). The Metropolitan Police Service and the City of London Police in particular have dedicated teams in place to combat terrorism, money laundering, fraud and other economic crimes and also provide an operational arm for other law enforcement agencies. Officers of the Police Service of Scotland are subject to the direction of the Lord Advocate and the Procurator Fiscal.

Regional Organised Crime Units (ROCU): ROCUs are regional police units that have a number of specialist capabilities used to investigate and disrupt serious and organised crime. There are nine ROCUs in England and in Wales and they are the principal interface between the NCA and police forces.

Regulated firms: Private sector firms with obligations under the MLRs.

SAFO: Specified Anti-Fraud Organisations.

SAR(s): Suspicious Activity Report(s).

Serious Fraud Office (SFO): The SFO is a specialist law enforcement agency that investigates and prosecutes the top level of serious and complex fraud, bribery and corruption, and associated money laundering.

STOR: Suspicious transaction and order reporting.

UNCAC: United Nations Convention Against Corruption.

UK Financial Intelligence Unit (UKFIU): The UKFIU is housed within the NCA and is responsible for receiving and disseminating SARs and conducting analysis in line with its statutory mandate.