

Strengthening the fight against financial crime: A unified approach

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The FCA continues to stress the importance of a unified strategy in the fight against financial crime. Key themes from recent speeches include closer collaboration, greater use of technology and data and the importance of high standards amongst regulated businesses.

A collective crusade against financial crime

At the heart of the FCA's strategy lies collaboration and partnership. Underlining its dual identity as both regulator and enforcement authority, the FCA regularly emphasises the indispensability of teamwork across its various divisions - supervision, enforcement, and authorisation - to effectively combat financial crime. This sentiment was made clear by Steve Smart, Joint Executive Director of Enforcement and Market Oversight, who in April 2024 highlighted a successful reduction in fraud incidents through proactive measures and public awareness campaigns (such as published guidance on 'influencers'), in collaboration with tech giants.

Andrea Bowe, Director of the Specialist Directorate at the FCA, reinforced the importance of partnership and ingenuity in addressing the global challenge of fraud. Bowe's September 2024 speech emphasised the FCA's leadership role in initiating and supporting actions within the Government's Economic Crime Plan and the Fraud Strategy, aimed at enhancing the UK's systemic response to financial crime.

FCA speakers continue to underscore the importance of working with other enforcement bodies, presenting a successful alliance with the National Crime Agency to tackle organised crime effectively. The FCA has also recently joined forces with the Payment Systems Regulator, the Corporation of the City of London, and The International Organisation of Securities Commissions, further signifying a commitment to collaborative efforts in combatting financial crime.

Innovation and Enforcement

The FCA continues to emphasise its commitment to leveraging technology and data to pre-empt and counteract illegal financial activities. Earlier in the month Sarah Pritchard, Executive Director Markets and International, highlighted strategic enforcement actions and the use of data and technology to counter illegal financial promotions, showcasing the Authority's proactive stance against investment fraud. Bowe referenced the FCA's work with big tech platforms to reduce illegal financial services ads and engaging with app stores to remove non-compliant crypto apps.

The FCA's development of an AI tool to identify potential breaches of international sanctions post-Russia's invasion of Ukraine exemplifies the Authority's forward-thinking approach to tackling financial crime.

Upholding standards and regulatory action

Speakers continue to emphasise the FCA's strict authorisation procedures and the importance of maintaining high standards in the financial industry. Smart's recognition of the backlog in authorisations and the initial refusal of a considerable number of crypto firm applications for failing to meet anti-money laundering criteria underscores the FCA's dedication to high standards. Bowe later indicated that 40 crypto firms have now been registered, demonstrating the FCA's willingness to assist companies in understanding the regulatory frameworks.

The FCA's use of enforcement to address serious harm and deter future violations, with notable actions against major financial institutions and individuals for financial crime offences, continues to be highlighted. The FCA is keen to demonstrate its readiness to exercise its criminal and civil powers to maintain market integrity and protect consumers.

Early naming and shaming – a change of heart?

Speaking at the AFME - Annual European Compliance and Legal Conference in September 2024, Therese Chambers indicated that the FCA will consider further feedback on February 2024 proposals to publicise the names of organisations under investigation more frequently and at an earlier stage. Earlier in the year, the FCA admitted that it did not expect the backlash it received to the proposal from senior business leaders and lawyers, many of whom expressed concerns that the proposals undermine of the principle of 'innocent until proven guilty'.

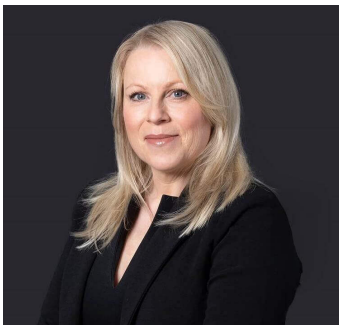
Acknowledging the *"strength of feeling from all sides"* on the proposals, Chambers suggested that the FCA was listening to the 130+ voices that responded to the consultation. This apparent change of heart has taken many in the industry by surprise.

Further indications, including a new set of proposals for consultation, are keenly awaited. However, Chambers has indicated that the FCA won't be rushing into next steps; so, change is unlikely any time soon.

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