



Economic Crime - Identity, Fraud, Security
A summary of the Cityforum Summit, London, 15 May 2024

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Principal Sponsors:



Introduction

Palantir Technologies is proud to be part of the Cityforum 2024 Economic Crime Summit, highlighting the critical need to strengthen our financial systems against increasingly complex economic crimes.

In a fast-paced digital world, the threat from cybercriminals grows not just in sophistication but in scale, impacting millions and significantly burdening economies. Our advanced data integration and analysis capability places us at the forefront of efforts to arm organisations with the necessary tools to predict, understand, and combat these evolving threats.

This report's key findings point to an urgent need for enhanced data sharing and cooperation across agencies, the creation of specialised teams, and the deployment of cutting-edge technology to bolster fraud detection and prevention. It also calls for strategic public investment and proposes innovative funding solutions, including a fraud levy on technology companies, to support these critical initiatives. To counter effectively the ever-expanding reach of economic crime, it is vital to cultivate an ecosystem that prioritises innovation, smart resource allocation, and accountability.

Establishing a robust digital infrastructure is paramount in our fight against economic crime, facilitating the streamlined exchange of information and enhanced case processing capabilities. Through our partnership with the City of London Police, Palantir's software will revolutionise the National Fraud Investigation Bureau's operational efficiency, dramatically accelerating the assessment of cases which, in turn, expedites the protection and care of victims, removes potential victims from harm's way and increases the likelihood of successful interventions and prosecutions.

Palantir Technologies

Economic Crime Summit—Identity, Fraud, Security Threats, Perpetrators, and Vehicles—What do we now face?

Fraud destroys businesses, harms the public sector, undermines confidence in the economy, and fuels organised crime and bloodshed on the streets

Fraud is at an all time high across the UK and indeed most of the world. As well as being the single biggest growth area in criminal activity, fraud is also becoming increasingly sophisticated and impactful. The scale of the problem is reflected in the fact that £100 billion is laundered in the UK annually, with 12% of this being cash and fraud now constitutes 38% of all crime and if cyber-related offences are included, this totals 50%.

The diversity of the threat is also constantly changing, with bad actors targeting the consumer, customer, and the state. Victims of human trafficking are also being co-opted into working for industrial-scale fraud networks. The emergence of new technologies, such as artificial intelligence and new social media applications, are also providing more avenues and significantly advanced ways of targeting people. Face-swapping and voice cloning are particularly worrying as it becomes harder for even experienced technology users to detect fraud.

It is estimated that 80 percent of the UK population have fallen victim to of some level of fraud. Bank reimbursement schemes are important in addressing the very real harm to victims, but they don't solve the problem. The ease of generating and disseminating fraudulent content and the low chance of facing any repercussions contribute to the perpetrator's high gain low risk mindset. Fraud is seen as a criminal enterprise that can be carried out from one's bedroom across international borders. Defining the perpetrator and where liability sits is also complicated, especially given that 70% of fraud is coming from outside the UK or has international affiliations.

Negative consequences aside from significant economic loss include the risk of public disorder especially in an election year, reputational damage, and increased insurance premiums. On a personal level, victims suffer ruined lives, mental anguish, and an erosion of trust in society. The hard reality is economic crime will always be a feature of our lives, but we must build a robust defence and ask ourselves how much we as a society are willing to tolerate.

Securing The Citizen, Business, and Government Through a Digital Identity Infrastructure

Sustainable Development Goal 16.9: By 2023, provide legal identity for all, including birth registration

The concept of a *Digital Identity* as seen in China, Switzerland, and Norway, relies on substantial trust in the Government and its institutions, and previous failed attempts in the UK do not instal public confidence. However, the Centre For Finance, Innovation, and Technology (CFIT) estimate the direct economic benefits to be worth at least £800 million per year as digital identification will remove unnecessary trading processes, while diminishing criminality and fraud. Working towards the goal of an effective and safe Digital Identity for all, the Department For Science, Innovation, and Technology (DSIT) have already established a certification process involving five certifying bodies, published three versions of an attributes trust framework, and established three live-use cases for digital pre-employment, pre-rental, and criminal record checks.

A successful Digital Identity system will ensure all economic actors can transact with safety and confidence, allow secure trading across territories and all time zones, while ensuring real time transactions can occur with speed and accuracy. Achieving this relies on local, regional, and global interconnectedness, an agreed and standard driven approach, and an impenetrable digital identification for both business and consumers. The future of the global economy will be digitally driven therefore we must ensure a smart data driven economy is inclusive and that all members of society can equally participate. Currently, seven million adults in the UK are excluded from the financial system, with a large percentage being immigrants and women. Although, it is acknowledged the massive risks involved in implementing such a system and the high levels of public trust required

Fraud—Closing Doors to Perpetrators and Acting to Protect Victims

The law is like the pants you bought last year for a growing boy, but it's always this year and the seams are popped and the shankbone's to the breeze (All The King's Men, 1946)

Artificial intelligence has transformed the fraud landscape and turned traditional criminology theory upside down. The once key components of location, victim, and offender are now agnostic. We are facing an aggressive arms race between the fraudsters and protectors. One of the main policing challenges is the volume of reports and a lack of resourcing to respond. At present, there is a detective shortage across the UK and staff expertise in this area is lacking. Recent initiatives to improve the police's ability to detect fraud and respond efficiently and effectively include, a National Workforce Strategy, aimed at making roles more attractive, as talent is often lured to the private sector. In addition to international collaboration and new proactive law enforcement capabilities.

We must recognise the significant capacity constraint faced by law enforcement and the courts as our current legal system is not fit for purpose with regard to modern economic crime. Only one percent of police resource is earmarked for fraud. We need improved collaboration and innovation whilst harnessing new technologies to improve prevention. Enhanced operational responsibility, a highly specialised workforce, with multi-disciplinary teams, and incentives for whistleblowers will be vital tools in winning the race.

The scale of the problem is overwhelming, however there are tools that can assist in building a robust defence, such as information sharing with foreign jurisdictions, accountability for those who manage the technology we all use in our everyday lives, more public investment, and introducing a fraud levy for technology companies. In terms of prevention, data-sharing across agencies, law enforcement, and financial institutions will be crucial. Focus must also be on safeguarding and responding and the criminals trust in the online services they use must be broken.

The National Economic Crime Centre (NECC) has ownership of 43 actions under the National Crime Plan, two new Crime Acts have been passed, and law enforcement have been granted additional powers. The NECC is also now engaging with Google and Meta to try and tackle the problem. Despite the above, loopholes still exist in the legislation, and small businesses are particularly vulnerable.

The National Economic Fraud Strategy launched in 2023 sets out a plan to reduce fraud by 10%, with front line defence by the private sector, a voluntary code for the technology sector in relation to digital identity and advertising, and an Online Safety Act, which is coming into force shortly. On a positive note, fraud has been cut by 16% from the 2019 baseline.

In terms of enforcement, the average fine for money laundering is between £3,000-to £5,000 and

prosecutions are declining with only one percent of reported fraud cases resulting in a conviction. Internationally, the UK is now seen as only a moderate enforcer on bribery. All of the above, highlight the urgent need for a review of the UK's anti-corruption legislation, along with more public funding. The UK currently spends 0.04% of GDP in this area, which is inadequate to address the scale of the threat.

Measures to address these issues, include the Ministry of Justice, building a new state-of-the-art courts complex at Salisbury Square on Fleet Street in London, with specialist facilities for fraud, economic, and cybercrime trials. Pay.UK, who run the UK's retail payment systems are implementing an Authorised Push Payment (APP) scam reimbursement policy, to tackle APP fraud within the Faster Payment System. In brief, Payment Service Providers will be required to reimburse victims within five working days and will be supported in implementing the best fraud detection and prevention solutions.

Strengthening the Integrity and Safety of The Financial System

At least £6.7billion worth of UK property is paid for with illicit wealth

We must not forget that financial crime is a national security threat. Fraudulent money is invested in the UK property market, donated to our political parties, universities, and football teams, and used to pay our lawyers and accountants. This money is linked to hostile states, bad actors, serious crime, and real human suffering and loss of life. Fraud ruins lives and is never a victimless crime.

A weak regulatory framework and weak enforcement have contributed to the UK now being seen as a high-risk jurisdiction equal to Cyprus. Since 2011, there has been a 67% reduction in fraud prosecutions and since 2010 there has been a 56% reduction in money laundering prosecutions. All corporations, including SMEs, should have a duty to prevent money laundering and fraud, the sanction regime needs strengthening, and senior executive liability should be introduced.

Recent reforms to Companies House have resulted in new functions and powers for the Registrar designed to make it harder to perpetrate and hide fraud utilising money laundering and tax evasion. Forthcoming priorities include cleansing the register to remove false information, PO Box addresses, and deceased people, whilst onboarding new data platforms and embedding staff into partner organisations.

To conclude, we currently face a growing storm with economic crime, and damage is imminent, however we can reduce the impact and severity with a variety of safeguarding practices, such as cooperation and collaboration across industry, government, and jurisdiction. Innovative use of new, advanced technologies assisted by partnerships with big tech companies, more public investment and resourcing, effective regulation, adequate accountability, and improved transparency will help protect the citizen, government, and economy. Weather-proofing our society against fraud relies on greater action by industry with greater support from government. The consequences of not doing so will be dire for our businesses, institutions, economy, public trust, and international reputation. The fraudsters are already in battle mode the protectors must now build their defences and fight back.

Cityforum would like to thank the following organisations for their support of the 2024 Economic Crime Summit.

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Host:



Simmons & Simmons is an international law firm with a global presence, strategically positioned to serve clients in key financial centres across Europe, the Middle East, and Asia. Founded in 1896, the firm has grown to establish offices in multiple countries, ensuring that we are present where our clients need us the most. In building our international business, we have created a closely knit and cohesive team of lawyers who seek to balance local business needs with the delivery of a global service. Our current client base includes many FTSE 100 and Fortune Global 500 companies. The firm has 23 locations. For jurisdictions where Simmons & Simmons does not have an office, we have an extensive network of best-in-class external local counsel. We procure, coordinate and scrutinise the advice received from local counsel to ensure the best localised support in each jurisdiction. Our fully integrated international practice provides clients with a seamless service - delivered to London Market standards - regardless of where a matter originates, and the number of jurisdictions involved. We focus on four highly regulated sectors (asset management and investment funds, financial institutions, healthcare and life sciences and technology, media and telecommunications) – using our specialist skills to understand our clients, and the forces at play around it. All grounded in exceptional knowledge of the legal detail.

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Clue provides software for a safer society. Our market-leading intelligence and investigation application is trusted by 4000+ investigation professionals worldwide spanning law enforcement, government, not-for-profit, corporate and sports organisations. Clue serves as a central application to manage end-to-end intelligence and investigations, helping customers detect threats early, progress at pace and act with confidence to achieve successful outcomes.

Palantir

Palantir was founded in 2003 and builds data-driven operations and decision-making software to empower some of the world's most important institutions. Our software supports critical operations for defence, government, and commercial organisations worldwide: from identifying a \$200 billion Russian money laundering operation, aiding the mission of protecting Australia's financial system from criminal abuse, to supporting the City of London Police in its fight of cyber and economic crime. The next-generation defence against fraud.

Our latest platform, AIP helps organisations bring full spectrum AI to decision-making in days, helping operators across roles and domains fight fraud and protect victims.

- Identify suspects and crime patterns faster.
- Automate safeguarding interventions for victims.
- Integrate disparate data for high-fidelity operational decision-making.

When it comes to fighting fraud, there has never been more at stake. Speak to a Palantir representative to find out how you can deploy high-value AI use cases to counter fraud, in days.



PwC's purpose is to build trust in society and solve important problems. We work with clients across the public and private sectors to drive innovation, support growth and deliver transformation that makes a difference to us all. From enhancing systems and controls to better protect our clients and their customers from fraud, to strengthening the UK's ability to respond to crime and to tackle terrorist threats, our focus is delivering sustained outcomes. Our team brings together specialists in fraud and financial crime, financial regulation and law enforcement and we support clients develop strategy, transform operations, analyse data and implement technologies to more efficiently and effectively respond to economic crime challenges. We also work with alliance partners, bringing together our know-how with data and cutting-edge solutions, to generate insight and manage risk. We work with a wide range of stakeholders to develop solutions to tackle economic crime, working together to achieve shared outcomes for wider society.



Cityforum has been contributing to public policy debate since 1990. The organisation comprises a small, trusted, independent group of experienced individuals, respected for their intellectual honesty, knowledge and extensive contacts spanning the private, public and not-for-profit sectors at all levels. In addition, it works closely with a large network of associates, providing depth, breadth and genuine expertise and practical experience. They include a former Cabinet Minister, a retired Member of the Episcopal Bench, public service officials, military, police, intelligence and security specialists, senior medical figures and business executives, academics, journalists and publishers. They contribute in London and elsewhere to Cityforum events and to the studies we undertake, including interviewing at all levels in organisations and sectors of interest.

From its inception working with the Bank of England on the Basel Accords; with the Reserve Bank of South Africa on the transition from apartheid; hosting and planning with the Scottish Government the Adam Smith Bicentenary; Cityforum has been active in an increasing number of areas that now include collaborations in security, policing, crime and justice, emergency services, critical national infrastructure, cyber, privacy, health and social care, transport, financial services, regulation and energy.

It researches and publishes reports and develops and hosts events in the UK and, where invited, around the world. As part of its bespoke advisory and strategic guidance service the organisation also acts as a 'candid friend' to senior public-sector executives, and undertakes studies and reviews, providing sound impartial advice and specialist judgement to assist in meeting the enormous challenges faced by the public service today.

With over 25 years shaping strategic thinking, building understanding and adding value within and between diverse groups, the organisation has a proven track record. Its highly regarded round table discussions and smaller conclaves are well known both for bringing together an enviable mix of decision makers and practitioners and for stimulating new thinking in response to some of the most difficult contemporary public policy challenges. Its reports are succinct and written in readable English rather than in management speak loaded with acronyms.

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cutting through

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