

# Policy Submission

Royal United Services Institute (RUSI)  
'Future of Financial Intelligence Sharing' (FFIS) international research programme

## Submission of public comment to European Commission 'Road Map' on AML/CFT public-private partnerships

TITLE OF THE INITIATIVE	Guidance on the rules applicable to the use of public-private partnerships in the framework of preventing and fighting money laundering and terrorist financing
LEAD DG – RESPONSIBLE UNIT	DG FISMA – Unit D2
LIKELY TYPE OF INITIATIVE	Communication
INDICATIVE PLANNING	Q4 2021
ADDITIONAL INFORMATION	<a href="https://ec.europa.eu/info/policies/justice-and-fundamental-rights/criminal-justice/anti-money-laundering-and-counter-terrorist-financing_en">https://ec.europa.eu/info/policies/justice-and-fundamental-rights/criminal-justice/anti-money-laundering-and-counter-terrorist-financing_en</a>

Submitted on 20 August 2021

### 1. Introduction

On 20 August 2021, the [Royal United Services Institute 'Future of Financial Intelligence Sharing' \(FFIS\)](#) research programme submitted the following response to the European Commission 'Road Map' on AML/CFT public-private partnerships.

### 2. Submission text –

#### **'Raising ambition and realising the potential of public-private collaboration to protect Europe from money laundering and terrorist financing'.**

*“Traditional approaches to AML/CFT reporting in Europe (in tandem with other jurisdictions around the world) have struggled to demonstrate effective results. Financial crime scandals continue to occur and - 30 years since the current AML/CFT framework was conceived - quantitative measures of outcomes against money laundering remain desperately low.*

*Reviewing data from several AML/CFT regimes in key financial centres, our landmark study in 2017 highlighted the growing financial cost, limited evidence of effective outcomes and increasing data collection footprint on societies arising from traditional AML/CFT suspicious reporting frameworks.*

*In parallel, using a different methodology, a 2017 Europol study indicated very poor performance in relation to how EU Member States convert AML/CFT reporting from the private sector into effective outcomes against crime. The Europol study noted that while almost a million suspicious transactions reports (STRs) were submitted in Member States in 2014 alone, only about 10% of them led to further law enforcement action and only 1% of cases led to recovered assets. These proportions remained relatively unchanged between 2006 and 2017.*

*Since 2015, the introduction of public-private FISPs has led to a step-change in effectiveness in jurisdictions that have applied them.*

*In 2020, a worldwide FFIS survey of over 20 FISPs, drew together quantitative indicators of impact emerging from both strategic and tactical-level partnerships. The study also highlighted how partnerships enabled resources and expertise to be directed in an agile manner against priority threats, such as COVID-19 related economic crime. Since 2017, several EU member-states have established their own FISPs and Europol has developed the world's leading cross-border financial information-sharing partnership.*

*The available evidence indicates that processes of public-private and private-private AML/CFT information sharing can enable regulated entities to be more targeted, relevant, timely and impactful in their AML/CFT reporting to the public sector.*

*Some EU Member State activity is world-leading in this field. However – in general – the AML/CFT policy environment at the EU level does not provide a conducive environment for public-private and private-private tactical information-sharing. Relevant innovation is driven by Member States and, not yet, by the EU policy framework.*

*The EU has an opportunity to lead standards in this area, rather than lag.*

*We would recommend a greater level of ambition be instilled in the delivery of the roadmap, as follows:*

- 1. Encourage the development of AML/CFT FISPs in all EU member states (at the minimum, FISPs covering trends and typologies), including to fulfil existing legal requirements for FIU feedback in the EU;*
- 2. Provide a clear long-term mandate to the Europol PPP;*
- 3. Establish a PPP framework for the European Public Prosecutor's Office (EPPO) to assist in the recovery of fraud affecting EU funds;*
- 4. Explore how the EU policy regime can provide greater clarity that public-private AML/CFT tactical FISPs fulfil a 'legitimate interest' basis under GDPR;*
- 5. Determine how the EU policy environment can provide more explicit support to private-private AML/CFT information-sharing, taking forward the recommendations of the FATF July 2021 'Stock-take' study.*

*FFIS is encouraged by the Commission's roadmap. The EU has an opportunity to improve both AML/CFT effectiveness and also enhance the data proportionality of the AML/CFT regime through leveraging the capabilities of PPPs and placing collaboration at the centre of the system.*

*We recommend greater ambition in the approach to the roadmap; not just surveying experiences to-date across Europe, but to drive the design of a more targeted, relevant, timely and impactful AML/CFT regime across the EU.”*

### **3. Background to the FFIS research programme.**

The FFIS research programme is an independent research initiative, delivered in association with the [RUSI Centre for Financial Crime & Security Studies](#), focused on examining public-private and private-private AML/CTF information sharing. The FFIS programme has published four major international comparative studies of public-private financial information-sharing partnerships, produced a number of national-level papers and convened over 80 events worldwide.

In 2017, FFIS published the [first international comparative study](#) of such partnerships covering initiatives in the UK, U.S., Hong Kong, Australia, Singapore and Hong Kong and their impact in tackling financial crime and supporting industry intelligence on financial crime threats. At a time when the work of the partnerships was not widely understood, the study illuminated the role of information-sharing partnerships in terms of delivering financial crime policy outcomes.

In a 2020 major international study, entitled [“Five years of growth in public-private financial information-sharing partnerships to tackle crime”](#), the FFIS programme surveyed 23 public-private financial information-sharing initiatives worldwide. This paper received [Wall Street Journal coverage](#) and is now a ‘go to’ reference document for partnerships worldwide, including being heavily referenced in the [Australian Fintel Alliance Annual Report 2019-20](#), the [South African Anti-Money Laundering Integrated Taskforce \(SAMLIT\) 2020 Annual Review](#) and the [Hong Kong Fraud and Money Laundering Intelligence Taskforce \(FMLIT\) 2020 Synopsis](#).

FFIS is recognised for thought leadership and independent research that supports national and inter-governmental policy thinking in terms of improving information sharing processes, including through public-private financial information sharing partnerships.

FFIS events provide forums to discuss research output, case studies and practitioner experiences relevant to the forefront of innovation in financial intelligence and improving the effectiveness of efforts to disrupt financial crime.

## ABOUT

This submission was prepared by the Future of Financial Intelligence Sharing research programme

*Founded in 1831, the Royal United Services Institute (RUSI) is the world's oldest and the UK's leading defence and security think tank. Its mission is to inform, influence and enhance public debate on a safer and more stable world. RUSI is a research-led institute, producing independent, practical and innovative analysis to address today's complex challenges.*

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*The Future of Financial Intelligence Sharing (FFIS) programme leads independent research into the role of public-private and private-private financial information-sharing to detect, disrupt and prevent crime. The FFIS programme is a research partnership with the RUSI Centre for Financial Crime & Security Studies.*

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