

REGULATORY INTELLIGENCE

UK's Economic Crime Bill 2.0 offering new opportunities for innovation in financial crime prevention

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The Economic Crime Bill 2.0, also known as the [Corporate Crime and Transparency Bill](#), must be used to promote innovation in financial crime prevention. This includes boosting funding and ensuring that there is adequate staffing with the knowledge and skills to investigate economic crime.

The bill, introduced in September to make the UK hostile to dirty money, includes reforms to Companies House, limited partnerships, asset seizure for crypto assets, information and intelligence sharing provisions, and additional powers to law enforcement (see HM Treasury [fact sheet](#)). Where the bill remains silent is on ensuring that mechanisms, bodies and systems used by the UK to tackle economic crime remain adequately resources and fit-for-purpose.

Resourcing and technology still an issue?

For some time, the UK has had a resourcing and technology issue. The National Crime Agency's (NCA) director general Dame Lynne Owens stated in 2019 "that to effectively fight economic and organised crime, the budget would need to increase by 54%." A source at the NCA recently noted the agency received around a third of funding per officer compared to foreign crime tackling agencies such as the FBI.

Spotlight on Corruption has highlighted that the budget allocation to agencies responsible for tackling economic crime amounts to .09% of government spend (£852 annually) while the cost of money laundering and fraud losses amount to 14.5% of the UK's gross domestic product (£100 billion and £190 billion respectively). This seems disproportionate and progress on reforms introduced in 2017 to modernise the NCA's suspicious activity reporting portal, including an IT transformation, has been slow moving leaving a number of failed projects in its wake.

It is true that staffing levels have increased: "in 2018, it was 80; it is now 140" with plans to get to 200, according to former director general [Graeme Biggar](#). With suspicious activity reports (SARs) submissions increasing between 15-20% year on year, the question remains: is that enough?

Some steps have been taken to modernise data and technology systems used to tackle economic crime and increase funding. In 2019, the NCA's newly appointed programme director, Duncan Terrier, flagged that the government was replacing "the IT, which is over 20 years old and in need of a comprehensive upgrade" and looking to increase staffing for both law enforcement and at the NCA.

The NCA's digital transformation programme was initially earmarked to cost around £306.8 million in 2017, with new forecasts coming in at [£6.4 billion](#) in 2021.

To generate funding, the government recently introduced the [Economic Crime \(Anti-Money Laundering\) Levy Regulations 2022](#) as a "sustainable private-public sector resourcing model for economic crime." The levy seeks to raise £100 per annum and £400m over the next three years to fight financial crime.

Firms who earn more than £10.2 million in revenue and which are subject to anti-money laundering and counter-terrorist financing (AML/CFT) regulations will need to start paying the levy in April 2023. In 2022, the NCA's [budget](#) increased by 12% (£86 million) to £797.6 million, and it is expected to hire an additional 300 officers to reach a target of 5900 officers by 2023.

Lastly, £100 million has been [earmarked](#) to tackle fraud until 2025 including by replacing Action Fraud with a Fraud and Cyber Reporting Analysis Service.

More must be done

With Russia's attack on Ukraine, the UK's continued attractiveness to kleptocracies and rising costs of fraud, more must be done. This includes by adding several provisions to the amendments introduced by the Economic Crime Bill. For example, the reforms to Companies House should include an objective to ensure that Companies House remains fit-for-purpose (i.e., with the right technology and resource allocation) and adequately staffed to allow it to protect the integrity of British business.

There should be references to technology and possible exploration of new data points in the section amending information and intelligence sharing provisions to ensure that this is codified into law. Lastly, there should be reference to investing in the right data



and technological resources to facilitate investigation and seizure of crypto assets. As the use of technology by criminals continues to evolve at pace, so too must the UK's response to economic and traditional crime.

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