

UK financial services companies have to pull together to cut crime, regulator says

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UK financial services companies should collaborate more over the use of data and technology, information sharing, consumer awareness and impact assessment of initiatives to cut financial crime effectively, the Financial Conduct Authority said today. At least 15 individuals have been charged with fraud offenses since April 2023, meaning more charges in the past year than ever before, a senior FCA official said.

UK financial services companies should collaborate more over the use of data and technology, information sharing, consumer awareness and impact assessment of initiatives to cut financial crime effectively, their sector regulator said today.

"Financial crime is never victimless. It costs firms and consumers, damages the integrity of our markets and undermines our international competitiveness," Financial Conduct Authority director Mark Francis said in a blog post, warning that the regulator had charged a record number of people in the past year.

Francis, responsible for wholesale and unauthorized business investigations, urged companies to be bolder and more collaborative in engaging with new technologies to keep up with emerging risks and called on tech companies and social-media platforms to do more to clamp down on organic content-promotion scams.

"Consumers are still seen as the 'weak link' in the chain by fraudsters, with authorized push payment (APP) fraud continuing to increase in the first half of 2023," Francis said.

He advised trade bodies, big tech companies, social media platforms and regulatory and enforcement partners to read the FCA's latest update on its three-year strategy. This identifies data and technology, collaboration, consumer awareness and measuring effectiveness as its four focus areas to reduce financial crime and discusses the regulator's progress over 18 months.

Francis also urged companies to build robust metrics to measure the effectiveness in reducing financial crime and building confidence among customers and other stakeholders in the financial services industry's fraud controls.

At least 15 individuals have been charged with fraud offenses since April 2023, meaning more charges in the past year than ever before, Francis said. Five have been also convicted of fraud and sentenced to more than 32 years in prison and two await sentencing this month after fraud convictions, he added.

"Prevention" is one of the biggest levers to fight financial crime, the regulator said, outlining the FCA's collaborative work with tech companies such as Google, Microsoft's Bing and Meta Platforms to ban unauthorized paid-for adverts for financial services in the UK.

The regulator also said consumers are becoming more aware and getting better at spotting signs of scams and frauds before investing in risky financial products.

"We're also seeing a growing proportion of consumers calling us before investing in a potential scam product, suggesting consumers are getting better at spotting the signs of a scam before falling victim," the regulator said.

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Areas of Interest: Financial Crime, Sector Regulation

Industries: Banking & Finance

Geographies: Europe, Northern Europe, Norway, United Kingdom