

Public-private information sharing partnerships to tackle money laundering in the finance sector



The UK Experience





Context

Why public-private partnerships?

The sophisticated schemes criminals use to launder the proceeds of crime span multiple banks, professional services and jurisdictions.

The scale and complexity of this threat is significant.

Safeguarding the world's financial systems is paramount. We know criminals target them to launder the proceeds of crime.

A response to this threat will only be truly effective through active and trusted public-private partnership.

The United Kingdom has implemented a partnership

approach between government, law enforcement agencies, the regulator and the financial sector (including banks and other relevant financial services firms and organisations).

This model aims to tackle the threat of money laundering and terrorist financing.

The model is that of collaboration and collective ownership. It provides an environment for the financial sector and government to exchange and analyse intelligence to detect, prevent and disrupt money laundering and wider economic crime threats against the UK.

Partnership

What is the UK model?

A model of
Collaboration,
Collective ownership
and Prioritisation

- In 2014 the **Joint Money Laundering Intelligence Taskforce (JMLIT)** was established. It brings together banks, law enforcement and the regulator in both operational and strategic environments to collectively tackle money laundering, terrorist financing and associated threats.
- Adopting such a partnership approach has enabled the financial sector and law enforcement to overcome a culture of silo-working, with a paradigm shift towards a model of collaborative and collective ownership.
- JMLIT priorities are driven by an understanding and assessment of the risks and threats identified in the UK's National Risk Assessment of Money Laundering and Terrorist Financing.
- The activity of the JMLIT is underpinned by a legal agreement and it maximises new and existing legislation to overcome barriers to information sharing, whilst preserving rights of privacy and confidentiality.
- The primary objectives of the JMLIT are to: improve the collective understanding of the money laundering threat (**Detect**); Inform and strengthen financial systems and controls (**Protect**); to inform the prosecution and disruption of money laundering activity (**Disrupt**)
- The JMLIT currently has four priority areas of focus:
 1. Tackling the laundering of the proceeds of bribery and corruption, especially illicit finance from collapsed regimes (or those close to collapse).
 2. Tackling trade based money laundering, which includes a focus on illicit money flows hidden behind opaque corporate structures and beneficial ownership.
 3. Tackling the laundering of the proceeds of human trafficking and organised immigration crime.
 4. Tackling terrorist financing, which includes a focus on foreign terrorist fighters and international money flows that support terrorist funding.

Joint Money Laundering Intelligence Taskforce (JMLIT) – How it works



Structure

The JMLIT is structured around three key components: an Operational Group, a Strategic Group (which includes experts groups aligned to the four priority areas) and an Alerts Service.

A Management Board oversees the overall direction and performance of the JMLIT and promotes collective ownership of the priorities.

Operations Group

The Operations Group consists of 10 banks, the National Crime Agency and other law enforcement agencies as appropriate, CIFAS (The UK Fraud Prevention Service), the Financial Conduct Authority (the UK's financial services regulator) and Her Majesty's Revenue and Customs.

The Operations Group undertakes tactical intelligence led activity and information sharing in a physically co-located hub equipped with appropriate infrastructure.

Strategic Group

The Strategic Group includes 25 UK and foreign financial institutions and membership extends to the Home Office, Her Majesty's Treasury, the National Terrorist Financial Investigations Unit, money service bureaus, CIFAS and trade associations.

The Strategic Group identifies and assesses new and emerging money laundering and terrorist financing threats and sets the strategic direction of the JMLIT. It also seeks to identify legislative or policy vulnerabilities that can be escalated to UK government. Aligned to the Strategic Group are **Experts Groups** aligned to the four priorities.

The Experts Groups provide a greater understanding and promote enhanced knowledge sharing of specific risks. This enables participants to agree collective action (whether tactical or strategic) to tackle the threats. Membership may extend beyond JMLIT members to enhance collective knowledge; and outputs may include the generation of red flag alerts and detailed typologies or an agreed collective tactical activity.

Alerts Function

The Alerts Service is open to all banks operating in the UK. The service provides a vehicle to circulate assessments, trend reports and non-sensitive intelligence reports.

Outcomes

What are the benefits and can this be international?

Collective understanding
Enhanced detection
Increased Opportunities
Stronger Resilience

As a result of this engagement:

- Government, law enforcement, the regulator and the financial sector have an enhanced shared knowledge and understanding of current and emerging money laundering and terrorist financing risks across the public and private sector.
- A partnership has developed that enables collective ownership of activities and aims to make the UK a more hostile environment to those who want to harm it.
- Alerts and suspicious activity reporting are more targeted towards key threats.
- Law enforcement is better able to disrupt criminality, because it has been able to fill intelligence gaps where suspected money laundering crosses multiple financial institutions, leading to arrests and criminal assets being restrained.
- Banks and other financial institutions are better able to protect themselves and their customers as a result of having a better understanding of the threat, which leads to enhancements of systems and controls, including refined transaction monitoring and more specific briefings to frontline staff.

The Benefits of an International JMLIT Network

- Money laundering and terrorist financing are global threats and require an international collective response.
- Many banks and other financial institutions already have an international footprint and are part of international fora. Conversely, there international cooperation already exists between law enforcement, underpinned by an international Financial Intelligence Unit network – the Egmont Group.
- Joining these components together into an international JMLIT network will formalise and strengthen collaboration between the public and private sector on a global scale.