



The global framework for fighting financial crime – Overview

A paper from the The Institute of International Finance and Deloitte



The global framework for fighting financial crime

There is growing consensus that the current global framework for fighting financial crime is not as effective as it could be, and that more needs to be done at the international, regional and national levels to help identify and stem the flow of illicit finance – an activity which supports some of the worst problems confronting society today, including terrorism, sexual exploitation, modern slavery, wildlife poaching and drug smuggling.

The current perspectives on financial crime from those in the public and private sectors is the focus of a new report from the Institute of International Finance and Deloitte. Developed from research and interviews with key stakeholders across financial institutions, law enforcement, supervisors, regulators and policy makers, *The global framework for fighting financial crime* explores the current challenges in the system and provides detailed and achievable recommendations in seven key areas which, taken together, form a way forward on mitigating illicit financial flows through a combination of regulatory reform, international cooperation and an increasingly intelligence-led approach.



Improving Cross-Border and Domestic Information Sharing

Financial crime information sharing, both domestically and internationally, is critical to managing risk and to the proper functioning of AML/CFT and other economic crime prevention policies. However, more needs to be done to overcome inconsistent legal frameworks for data protection, the management of SAR-type information, privacy, and bank secrecy which can present barriers that inhibit the detection of illicit financial flows.



Global Systemic Improvements for Financial Crime Risk Management

The consistent application of global standards is vital so the financial system can be safeguarded, and criminals can be thwarted in their attempts to profit from their crimes. This work starts with enhancing the effectiveness of implementation of the FATF standards and guidance around the world and eliminating gaps in the system which can be exploited.



Advancing Public Private Partnership

The development of PPPs to fight financial crime recognizes the clear overlap between the interests of both public and private stakeholders. These partnerships can enable and ease the flow of intelligence and insights among parties and more effectively disrupt and prevent criminal incursions into the financial system. But while excellent progress has been made in the development of PPPs, more can be done to fully realize their potential.



Improving the Use and Quality of Data

The use of data can be transformative and there is a degree of consensus around the importance and benefits of its collation and standardization. Making available contextual datasets through utilities can also be used by financial institutions to fulfil key due diligence requirements alongside other proactive investigative approaches.



Reforming Suspicious Activity Reporting

The current state of SARs regimes around the world can present challenges to both financial institutions and law enforcement. The effectiveness of the SAR framework could be enhanced by reforms that would help to optimize the use of public and private sector resources to improve outcomes.



Mitigating the Inconsistent or Incoherent Implementation of Financial Crime Compliance Standards and Guidance, and Providing Regulatory Clarity

Regulatory implementation of financial crime risk management regimes requires careful examination to further enable the mitigation of criminality. It is important that standards are consistent cross-border and that frameworks are implemented in a way that prioritizes effective delivery of outcomes.



Increasing and Improving the Use of Technology to Combat Illicit Finance

New technologies have bolstered financial institutions' financial crime compliance efforts and hold promise for effective deployment within FIUs. The G20 and the broader international community should encourage the process of innovation in financial regulatory technology that assists in financial crime risk management.

Read the full report at deloitte.com/FinancialCrimeReport

<https://www.iif.com/Publications/ID/3606/The-Global-Framework-for-Fighting-Financial-Crime-Enhancing-Effectiveness-Improving-Outcomes>

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