

Anti-money laundering: Electronic due diligence and technology

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SRA approach to technology and innovation

- SRA Innovate: test your ideas and the boundaries of regulation
- Corporate Strategy 2020-23 sets out our support for legal technology
- Covid-19 has demonstrated the importance of technology

SRA approach to technology and innovation

- Taking a holistic approach to understanding benefits and risks of technology
- We don't endorse commercial technology providers

SRA approach to technology and Innovation

Looking ahead

- Reviewing SRA Innovate: how can we be clearer and offer further help?
- Commissioned University of Oxford to carry out research to develop understanding of technology and innovation
- Continue in our role as a founder member of the Lawtech UK Sandbox pilot

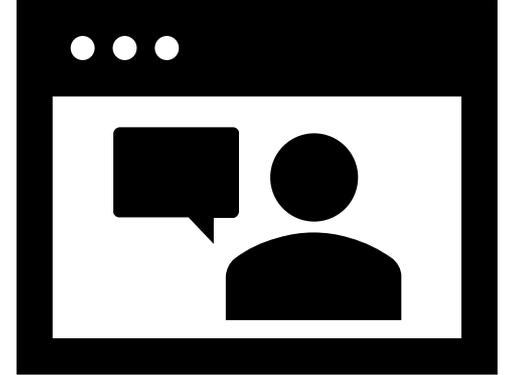
AML landscape

- The regs are in place to prevent ML/TF
- We have a duty to supervise and are engaging with firms
- Our supervisory activities are overseen by OPBAS



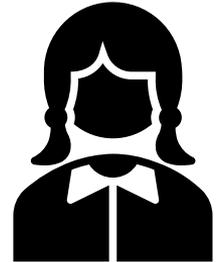
Regulatory framework

- The new LSAG guidance offers more on technology
- FATF recently issued guidance on e-ID
- Our sectoral risk assessment references new technologies



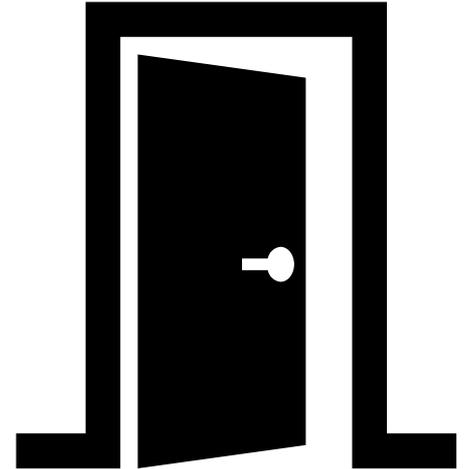
Client perspective

- Great for the client experience
- Efficient, some solutions manageable via apps
- Allows non-face to face interaction and delivery of services



Technical advancement

- Biometrics – facial matching across ID documents and photographs
- Open banking – sourcing transactional data directly from banks
- Payment methods - cryptocurrency



Considerations

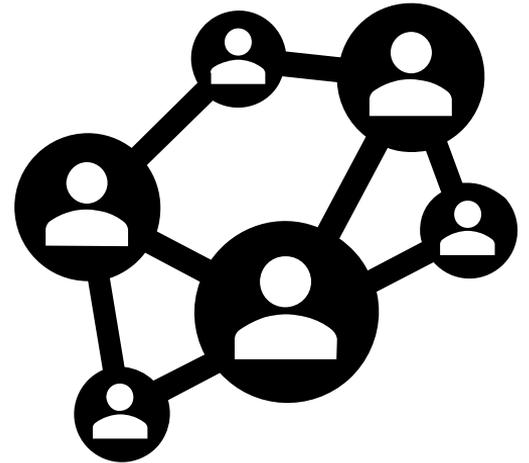
- Can't outsource responsibility - should be part of your RBA
- Management, MLCO and staff need to understand how it works
- Make sure you have assurance of identity verification
- Access to legal services

Considerations

- Make sure a tech provider is an implementation partner
- Be wary of salesmen selling a product that becomes ultimately displaced
- Make sure process implementation has senior management buy-in
- Be wary of input errors

How current?

- Data must be refreshed - consider adopting an ongoing monitoring capability
- New sanctions are announced daily
- Potential for adverse media is continual



Effect of Covid-19

- Take up has rapidly increased with an absence of in-person client service delivery
- You must have confidence in identity
- Your reasoning must be documented



Q & A

- We'll cover as many as we can
- Further help and advice is available on our website www.sra.org.uk/money-laundering