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FINANCIAL ACTION TASK FORCE
GROUPE D'ACTION FINANCIÈRE

Data Pooling, Analysis and Data Protection in AML/CFT

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Kristen ALMA, FATF Secretariat

Financial Action Task Force

Who we are

- Global money laundering and terrorist financing watchdog

- International standard-setting body

- Peer review body

- More than 200 countries and jurisdiction implementing the FATF Standards

Digital Transformation

- FATF Presidential priority, covering three separate topics:

  1. Opportunities and challenges of new technologies for AML/CFT

  2. Data Pooling, Analysis and Data Protection

  3. New technologies used by Law Enforcement Authorities and Financial Intelligence Units

Data Pooling, Analysis and Data Protection

■ Data pooling refers to a process where (digital) data from different sources are combined, resulting in a fuller and more useful data set for analysis (including by multiple parties).

Why share data?

- Money laundering schemes often involve multiple financial institutions in multiple countries.

- Better detect money laundering and terrorist financing activities and trends.

- Larger data sets typically correspond to more accurate predictions.

Preliminary Findings of Stocktake

- The majority of initiatives in nascent stages

- Enabling environments for the use of new technology include:

    – A favourable regulatory environment

    – Open dialogue with AML/CFT supervisors and Data Protection authorities

    – Regulatory sandboxes

Technology Used or Considered

- ✓ Homomorphic encryption
- ✓ Zero-knowledge proofs
- ✓ Secure-multiparty computation (SMPC)
- ✓ Differential Privacy
- ✓ Machine Learning (supervised, unsupervised and reinforced learning)
- ✓ Federated Learning
- ✓ Deep Learning
- ✓ Natural language processing
- ✓ Robotic process automation
- ✓ Network Analytics

Policy Considerations Raised by Respondents

- Ensuring and Enhancing Data Protection and Privacy
- Data Quality and Data Standardisation
- Lack of regulatory clarity
- Explainability and Interpretability
- Market Structure and Competition
- Technology Costs and Constraints
- Security
- De-risking and financial exclusion

Concluding Remarks

Next Steps:

- Collaboration and engagement with data protection authorities

- Contributing to an enabling environment for new technologies for AML/CFT

- Publication of Stocktake Report

- Phase 2 (June 2021-2022)