Data Pooling, Analysis and Data Protection in AML/CFT

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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 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)