

Committee(s): Economic Crime & Cyber Committee	Dated: 06/09/2021
Subject: Innovation & Growth – Update of Cyber & Economic Crime related activities	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1, 6, 7
Does this proposal require extra revenue and/or capital spending?	No
What is the source of Funding?	NA
Report of: Innovation & Growth	For information
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Summary

The core objective of Innovation & Growth (IG) is to strengthen the UK’s competitiveness as the world’s leading global hub for financial and professional services (FPS). This includes promoting the strengths of the UK’s offer and enhancing the UK’s position as a leader in FPS technology and innovation.

The Covid pandemic has impacted UK FPS in many ways. This has included the sector facing novel and increased threats from cyber crime. 74% of banks and insurers experienced a rise in cyber crime since the pandemic began. An important aspect of the Covid recovery will be ensuring that UK FPS is able to continue to respond to and meet these evolving threats.

This report summarises the relevant activity taking place across IG. It also highlights areas where IG and the City of London Police (CoLP) are currently working together and exploring further opportunities to collaborate on upcoming projects.

Links to the Corporate Plan

1. The activities set out in this report help deliver against the Corporate Plan’s aim to support a thriving economy. This includes outcome 6c - to lead nationally and advise internationally on the fight against economic and cybercrime. It also supports outcome 7, positioning the UK as a global hub for innovation in financial and professional services.

Main Report

Background

2. Over the past few months IG has continued to carry out activities relevant to supporting UK FPS to meet the threats posed by both cyber and economic crime. An important aspect of this is ensuring that innovation amongst cyber security and other providers continues to match the pace of those intent on causing harm to the sector. Continued cross-working between IG and the City of London Police also ensures that each team is leveraging their expertise across different areas to have maximum impact.

Recent and Upcoming Innovation & Growth Activity

3. In late 2020/early 2021 the City Corporation and Financial Conduct Authority (FCA) partnered to deliver a Digital Sandbox pilot. This saw the creation and launch of a digital platform where companies from across the technology and financial services sector could collaborate virtually to develop technology solutions. The pilot focussed on helping develop solutions to issues exacerbated by Covid. This included the prevention of fraud and scams and supporting vulnerable consumers.
4. Following the success of the Digital Sandbox pilot the City Corporation and FCA have launched a second phase of the Digital Sandbox. This has expanded on the initial pilot to encompass three areas of activity:
 - i. Sustainability Cohort – This area of activity will focus on accelerating the development of technology products that will support the transition to a net zero economy. A group of technology companies (the ‘cohort’) will be accepted into the Digital Sandbox to develop solutions that address one of three challenges in ESG data and disclosure. Applications for the cohort will open in early September. Successful firms will participate in the Digital Sandbox between November 2021 and March 2022.
 - ii. TechSprints – Led by the FCA, TechSprints are short intensive events that bring together participants from across and outside of financial services. These participants develop technology-based ideas of proof of concepts to address specific challenges faced by regulators. A TechSprint will take place in Autumn 2021.
 - iii. Innovation Challenges – Led by the City Corporation, innovation challenges are designed to encourage greater collaboration between financial service firms and technology around specific industry challenges. Partners are currently being approached to participate in an innovation challenge which is likely to take place in Spring 2022.
5. Both the Sustainability Cohort and TechSprints are focused on developing solutions to sustainable finance-related issues. By contrast, several different topics are being considered for the Innovation Challenges. Cyber security is frequently cited by potential partners as a possible focus. This would involve a small number of financial institutions coming together to agree on a specific cross-industry challenge within the topic of cyber security. Technology companies would then be invited to put forward potential solutions to that challenge and work with the financial institutions to develop those products to meet the market need. The aim of the Sandbox is to accelerate the development of those solutions and provide them with a clear pipeline to market.
6. Other potential topics being considered alongside cyber security include SME Lending, Open Finance and DigitalID. Each of these areas require cross-FPS collaboration to develop meaningful and scalable solutions. They could also all impact UK FPS’ approach to cyber or economic crime. Further updates will be provided to the Economic Crime and Cyber Committee as this work progresses.

Innovation & Growth/City of London Police cross-team working

7. IG and CoLP are continuing to strengthen connections between the two teams resulting in the following examples of positive cross-team working:

- (i) CoLP input into the City Corporation SME Strategy
 - (ii) CoLP input into an upcoming IG report on Tech in the Square Mile
 - (iii) Joint CoLP/IG meetings with external stakeholders eg Cyber Risk Institute
 - (iv) Regular internal CoLP/IG meetings to update on activity and explore opportunities for collaboration
8. In recent discussions IG and CoLP have highlighted three areas to focus cross-team working over the coming months:
- i. Promoting UK Cyber – IG and CoLP will work together to promote the launch of the London Cyber Resilience Centre and National Cyber Resilience Centre. IG will also explore how its Relationship Management Network and Global City website can promote other CoLP activity and/or cyber products and services.
 - ii. Digital Sandbox – Further to paragraphs 3-5 above, if the Digital Sandbox Innovation Challenge does focus on cyber security then there are likely to be opportunities for CoLP to get involved. This will include (i) providing their views on specific problem statements within the theme of cyber security which resonate with the issues that CoLP is aware of; and (ii) helping to scope the data requirements for technology firms looking to develop solutions as part of the Innovation Challenge.
 - iii. Data mapping – Both IG and CoLP will explore what data they have access to which may be of mutual benefit and interest. This includes scoping opportunities to overlay existing data sources to support upcoming projects across both CoLP and the City Corporation.
9. IG and CoLP have highlighted two other areas that they will continue to explore:
- i. Cyber insurance – IG has previously launched reports on the opportunity of London as a key market for the development of cyber insurance. This is also an area of interest for CoLP and provides an opportunity for both teams to leverage existing connections in this area to support each other.
 - ii. Promoting the UK Cyber Eco-system – There are many different sectors that help create a safe and resilient business environment. This includes law enforcement, financial services, professional services, cyber security specialists, cloud services providers and others. Promoting the UK's strengths across these sectors presents another opportunity for IG and CoLP to work together for their mutual benefit.

Conclusion

10. IG remains committed to supporting UK FPS in developing its capabilities to meet the threats posed by cyber and economic crime. The opportunities over the past few months to connect with and work more closely alongside CoLP have been extremely positive in helping progress this work.

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