

<b>Committee(s):</b> Economic & Cyber Crime Committee	<b>Dated:</b> 23/01/2024
<b>Subject:</b> Innovation & Growth – Update of Cyber & Economic Crime related activities	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	1, 6, 7
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>What is the source of Funding?</b>	<b>NA</b>
<b>Report of:</b> Damian Nussbaum, Executive Director Innovation and Growth	<b>For information</b>
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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 following report summarises the activity that has been taking place across IG in relation to cyber and economic crime, as well as cross-team working between IG and the City of London Police (CoLP) since the ECCC last convened in November 2023. The report includes a snapshot of findings from the last Cyber Innovation Challenge and plans for the AI Innovation Challenge.

### 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

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

2. We continue to use this report to review those activities which demonstrate the benefits of IG and CoLP collaboration to make the UK the safest place in the world to do business. IG continues to look for ways to promote the activity of CoLP and support their work as part of our wider stakeholder engagement.

#### Collaboration

3. On 7 December 2023, the International Regulatory Strategy Group, which is jointly chaired by the City of London Corporation and TheCityUK, launched a new report on Anti-Money Laundering and Beneficial Ownership, in partnership with Eversheds Sutherland LLP. IG engaged with the Police Authority and CoLP to

identify a law enforcement representative to participate in the launch event. Following discussions, IG was pleased to welcome Simon Welch, National Coordinator National Police Chiefs' Council (NPCC) Financial Investigation Portfolio as a panellist.

4. Representatives from the Police Authority and IG met with leaders of the new London Cyber Cluster to identify shared objectives and discuss how COLC and CoLP can support this initiative.

#### Promotion of CoLP activity

5. An introductory meeting was held between IG and a senior representative of Innovate Finance's (IF) Policy and Regulation team to discuss policy priorities in relation to economic crime for 2024. During this meeting IG highlighted CoLP's role as Lead Force for Fraud and suggested that IF engage with the force to discuss their work and common areas of interest.

### **Innovation & Growth activity**

#### Cyber Innovation Challenge 2.0

6. At the last Committee, IG updated members on some of the initial findings from the evaluation of the Cyber Innovation Challenge (CIC) which had run from 20th June-2nd August. As a reminder, the project provided a unique opportunity for financial and professional services (FPS) and tech companies with innovative tech solutions to collaborate to develop tech solutions addressing a security priority for the FPS sector.
7. Since the last update, a full evaluation of the project has been undertaken, assessing the Challenge against pre-agreed criteria measuring a range of metrics and highlighting areas of success and improvement. These include:
  - a. The Challenge succeeded in meeting a need that was not being resolved by the market with the majority of respondents unaware of similar initiatives.
  - b. The Challenge met or surpassed targets for participation of techs, FPS and Supporting Partners (organisations supporting the Challenge).
  - c. The Challenge greatly surpassed targets of +2 collaboration sessions provided by the Supporting Partners with a total of 7 diverse and insightful sessions delivered.
  - d. 50% of techs said the Challenge had accelerated their solutions by 6 months and 50% said product development had not been accelerated. There were a variety of factors for this including access to data.
  - e. 90% of techs felt the Challenge had strengthened their understanding of the needs of FPS.
  - f. 100% of responding techs, FPS and Supporting Partners would recommend participating in the Challenge.

Looking ahead, IG will focus on building on this Challenge by enhancing both the areas of success and improvement. As part of this, the team are exploring how to

increase the impact of the Challenge and will keep this central to plans for the next iteration.

## **AI Innovation Challenge**

1. A number of conversations have taken place between IG, CoLP and the Police Authority about the next Innovation Challenge being planned for 2024. IG is proposing that this Challenge differs from previous iterations in two main ways.
2. First, while previous iterations of the Challenge have addressed a cyber security priority or threat facing FPS (use case), IG is proposing that the industry workshops held to commence the project by identifying the use case that tech solutions address, be expanded to include fraud. This decision reflects conversations with FPS and key CoLC stakeholders regarding industry priorities and trends as well as the close relationship between cyber and digital fraud.
3. Second, it is proposed that the Challenge explore the role of AI in helping to defend against cyber-attacks or fraud. AI has greatly increased the capabilities of those inflicting cybercrimes and fraud on FPS firms both in terms of creating new forms of attack, and increasing the impact of those attacks. Therefore, for FPS to protect their services and customers, it is critical that they have the latest, most innovative tech to do so. Therefore this Challenge will focus on accelerating novel AI solutions which meet the needs of FPS with the aim of strengthening security defences and exploring new ways to combat cyber or fraudulent threats.
4. IG has also begun a series of stakeholder engagement with the FPS and tech ecosystem including calls with Microsoft, Plexal and KPMG, to gain expert advice and feedback on proposals for the Challenge. Moreover, these initial meetings are an important first step in ensuring the project adds value and avoids duplicating similar efforts and initiatives on fraud and cyber. Most recently a meeting was held between IG, the Police Authority, CoLP and the Lord Mayor to explore synergies between the Challenge and Mayoral priorities.

## **Conclusion**

IG are in the process of laying a strong foundation for the next Innovation Challenge with a series of stakeholder engagements continuing throughout Q1 2024. Collaboration with CoLP who share the project's underlining objective to ensure London and the UK is a safe and secure place to do business will also continue.

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