

<b>Committee(s):</b> Economic & Cyber Crime Committee	<b>Dated:</b> 04/02/2025
<b>Subject:</b> Innovation & Growth – Update of Cyber & Economic Crime related activities	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> <li>• <b>provides business enabling functions</b></li> </ul>	Dynamic Economic Growth
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
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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 Economic & Cyber Crime Committee (ECCC) last convened in November 2024. The report provides an update on IG’s Artificial Intelligence (AI) Innovation Challenge, a new cybersecurity talent initiative and ongoing work on digital verification.

### Links to the Corporate Plan

The activities set out in this report help deliver against the Corporate Plan’s outcome to support dynamic economic growth. Specifically, ensuring that the City has the safest, most secure business environment in the world and promoting the UK as a place that is open, innovative, and sustainable.

## Main Report

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

1. We continue to use this report to highlight 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

2. IG was delighted to welcome Oliver Shaw, Temporary Commander for Fraud and Cyber Crime at the CoLP, to speak at the AI Innovation Challenge Showcase event. IG felt it was important to have the CoLP represented at the event, to highlight their role as National Lead Force for fraud and the National Police Chiefs' Council lead for economic and cyber-crime. CoLP also provided the important context for how AI is impacting online fraud and the need for collaboration and innovation to safeguard businesses and customers.

### AI Innovation Challenge

3. At the previous Committee meeting, Members received an update on the AI Innovation Challenge. The Challenge brought together ten innovative technology companies and eight large FPS firms to collaborate across a seven-week sprint. Participants engaged 1:1 to develop and accelerate solutions which answered the use case: *How can AI prevent online fraud at the earliest possible stage by identifying and tracking fake identities - including synthetic identities and image or audio deepfakes?* Participants benefitted from input and expertise from our supporting partners - Microsoft, NayaOne the Department for Business and Trade (DBT), and London and Partners.
4. IG have previously delivered two Cyber Innovation Challenges. The 2024 AI Innovation Challenge followed a similar format and objectives to these Challenges but was more ambitious in scope. Compared to the 2023 Challenge, we welcomed an additional six FPS and tech participants, held 80 1:1 meetings between participants (+26) and nine collaboration sessions (+3). As well as this, through our partnership with NayaOne, the AI Innovation Challenge offered exclusive access to a secure sandbox environment and relevant data sets for the tech participants to test their solutions throughout the sprint stage.
5. On 4<sup>th</sup> December 2024, the Challenge concluded with a public showcase event at Guildhall. The event supported around 100 attendees from across the private sector, regulators, government departments and academia. Attendees heard from the Policy Chairman and senior representatives from Microsoft and the CoLP. There was also a panel discussion with participating FPS and tech firms, as well as a presentation of several tech solutions developed and enhanced across the sprint and in response to the use case.
6. Initial findings from the Challenge have been positive:
  - Almost half of the tech firms said that participating had accelerated product development by three months, with one tech firm saying nine months.

- Many of the tech participants confirmed that the Challenge allowed them to validate their solutions and gain valuable insights from the financial services sector.
- 100% of the participating FPS firms achieved what they wanted to from the Challenge which included a better understanding of technology developments in this space and a chance to share advice and learnings with the tech participants.
- 100% of the participating FPS firms plan to continue engagement with at least one of the tech companies from the Challenge.
- 95% of all participants would recommend participating in the Challenge.
- 100% of tech firms confirmed that participating in the Challenge had improved their understanding of the needs of FPS firms.

7. At the previous Committee, members were interested to understand how IG had engaged with the media and communications teams to raise the profile of the Challenge. A summary of this engagement and the outcomes is as follows:

Month	Engagement / outcome
May 2024	<ul style="list-style-type: none"> <li>• <a href="#">Press release</a> to announce AI Innovation Challenge in partnership with Microsoft</li> </ul>
June 2024	<ul style="list-style-type: none"> <li>• AI Innovation Challenge referred to in the Lord Mayor's speech at the Science and Innovation banquet</li> <li>• Talking heads filmed with the Policy Chairman and past Innovation Challenge participants to raise profile of AI Innovation Challenge</li> </ul>
June - July 2024	<ul style="list-style-type: none"> <li>• <a href="#">Talking heads post</a> to announce tech applications open</li> <li>• Tech application announcement shared by supporting partners and member organisations across social media and newsletters</li> </ul>
July 2024	<ul style="list-style-type: none"> <li>• Personalised graphics created for firms to announce their participation on social media (example <a href="#">here</a>)</li> </ul>
August 2024	<ul style="list-style-type: none"> <li>• Global City webpage updated with confirmed FPS and tech participants</li> </ul>
November 2024	<ul style="list-style-type: none"> <li>• Digital certificate of participation created for FS and techs to share on social media and websites</li> </ul>
December 2024	<ul style="list-style-type: none"> <li>• Social media post for showcase and updated Global City <a href="#">webpage</a></li> <li>• <a href="#">Press release</a> and Policy Chairman's talking heads clip</li> <li>• Policy Chairman's CityAM <a href="#">column</a> highlights the AI Innovation Challenge</li> </ul>
January 2025	<ul style="list-style-type: none"> <li>• Talking heads clips with participants shared on social media</li> </ul>

8. Looking ahead, IG will evaluate feedback from Challenge participants to identify the key wins and areas for improvement. IG will also contact all participants in six months to identify the long-term impact of the Challenge.
9. IG is unlikely to hold an Innovation Challenge for 2025. However, the team will continue to work closely with FPS and the tech sector to nurture innovation and support the adoption of tech solutions which address the needs of FPS.

## Digital Verification

10. The City of London Corporation's hallmark *Vision for Economic Growth (2023)* report identified acceleration of Digital Verification (DV) solutions across FPS as a significant opportunity for the UK economy. The government estimates that widespread adoption of DV solutions could deliver potential £4.8bn in value added from 2024 - 2030, with a significant proportion of this reflecting the mitigation of fraud losses.
11. In this context, IG is focusing on the UK's DV infrastructure offer to boost adoption, drawing on the experiences of strategically important global markets. Our work encompasses both the verification of corporations and individuals.
12. In 2023, the City of London Corporation and HM Treasury co-founded the Centre for Finance, Innovation and Technology (CFIT) - providing a combined £5.5m seed investment. CFIT exists to unblock barriers to FinTech market growth. The creation of CFIT was a recommendation of the *Kalifa Review of UK FinTech (2021)*.
13. CFIT's current, ongoing Coalition is focused on catalysing verification of corporates. IG is supporting this through provision of resource in the form of its Senior FinTech Policy Adviser on partial secondment to CFIT. IG is also leading on work on individual verification. Two private industry roundtables have been held, with input from HM Treasury, the Department for Science, Innovation and Technology, and the Department for Business and Trade. These included C-level and director-level from the largest banks and FinTechs in the UK, the CEO of CFIT, and Baroness Swinburne. The first roundtable took place on 25 July and the second took place on 28 November. The roundtables have informed research undertaken by IG, as we continue to compare jurisdictions and understand which form of individual DV infrastructure is viable for the UK.
14. More detailed recommendations on scaling DV solutions from IG (for individuals) and CFIT (for corporates) will be forthcoming in two separate reports published in Q1. The audience for both reports will be government, regulators and industry, with both likely to include recommendations to be taken forward by these stakeholders.

## Cybersecurity Talent initiative

15. The IG Skills and Workforce Policy Team is in the process of scoping a new national skills programme to increase the size of the UK's cybersecurity talent pool. Research indicates that there is a clear need for increasing the number of skilled cybersecurity professionals so that businesses can enhance their resilience to cyber-attacks in the UK's FPS sector, including for small and medium-sized businesses.
16. This new programme is scheduled to be fully scoped and delivered in April 2025 and is subject to Policy & Resources Committee's approval of the IG business plan.
17. One report which identifies this talent need is the UK Government's *Cyber Security Skills in the UK Labour Market 2024*. This found that 8,100 individuals

entered the UK cyber security workforce in 2023, leaving an estimated shortfall in 2023 of around 3,500 people. Moreover, the report found that 44% of businesses have basic technical skills gaps, and 27% have advanced skills gaps.

18. As part of the scoping phase for the new cybersecurity talent programme, the Skills and Workforce Policy team has engaged with experts in the CoLP and the City Corporation's SME Strategy. The team is now identifying other relevant stakeholders to engage with, to explore some potential impactful interventions which the City Corporation could pursue to drive measurable change in this policy area.

## **Corporate & Strategic Implications**

19. Strategic implications - This work supports the Corporate Plan outcome to drive dynamic economic growth.
20. Financial implications - All budgets are contained within existing departmental budgets and business planning.
21. Resource implications - All resourcing requirements are scoped as part of departmental business planning.
22. Legal implications - None identified for this paper.
23. Risk implications - None identified for this paper.
24. Equalities implications - The stakeholder work as part of this work is mindful of balancing the needs to have the right stakeholders identified while also supporting the City Corporation's EDI commitments.
25. Climate implications - None identified for this paper.
26. Security implications - None identified for this paper.

## **Conclusion**

27. Although the AI Innovation Challenge has now concluded, in 2025 IG will continue to engage on economic crime and cyber through initiatives such as our work on digital verification and cyber talent. We will also continue to engage with CoLP in relation to their national lead force role, utilising the force's briefing in our own engagement with relevant external stakeholders (including, but not limited to, financial services firms).

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