



Digital Transformation

Path to Dataland: Identifying & addressing IFF-risks with the help of data

1. Session Outline/Rationale

The use of information and communication technology as an enabler for achieving the Sustainable Development Goals (SDGs) is frequently highlighted. The area of significantly reducing illicit financial flows (IFFs) and strengthening the recovery and return of stolen assets (SDG 16.4) is no exception in this context. **Digital solutions can make the fight against IFFs faster, cheaper and more effective - when a solid system for the collection, sharing and analysis of data exists.**

Having a risk-based supervision framework in place is one of the cornerstones of a development-oriented AML/CFT/CPF-system (see e.g. FATF guidance on risk-based supervision) – and with the help of data, risks can better be identified and addressed.

In a future-scenario setting, participants “time-travel” to the fictitious state of Dataland in the year 2030: Dataland is a role model when it comes to the **coherent digital transformation of the AML/CFT/CPF-system, especially in terms of the analysis of intelligence and other data.** Experts representing a variety of stakeholders discuss what makes Dataland a role model i.e. how IFF-risk assessments are enhanced with data-analysis solutions in an ideal future world.

Having clean, reliable and structured data at hand is a concern for most AML/CFT/CPF-agencies. In addition, many data-analysis solutions (e.g. high-end softwares) are expensive, need specifically educated personnel and require certain technical IT-preconditions (i.e. hard-/ software) to apply them accordingly. Therefore, agencies frequently cannot make use of data and advanced technology solutions as they do not have the human, financial and/or technical capacities. Accordingly, the session audience is asked to elaborate on why Dataland still is a future-scenario and **identify current key challenges and crucial learnings.** Besides, pressing needs for improvement in this context and **ideas how to create development-oriented digital and data-based solutions** to identify and address IFF-risks are exchanged.

Finally, selected **partners of the GIZ Global Programme Combating Illicit Financial Flows (GP IFF) share their innovative approaches** (use-cases/ good practices) showcasing what in this context is already done today.

2. Objective

- Discuss how new technologies can make the identification of IFF-risks faster, cheaper and more effective
- Increase the understanding for the importance of data (availability, accessibility, quality, etc.)
- Raise awareness for the role that the digital transformation can play in the design of development-oriented risk-based approaches
- Identify key challenges in the context of digitalizing risk assessment processes





- Elaborate on ways how knowledge/ applications/ solutions to identify and address IFF-risks with the help of data can be transferred (e.g. hackathons, public-private-partnerships, greenfield approach vs. OTC-software, etc.)

3. Format

1. Welcome & further introduction
2. Future Scenario “Dataland in the year 2030”: A role model in identifying & addressing IFF-risks with the help of data” (Expert pitches)
3. Discussion with audience and experts: Why are we not yet in Dataland?
4. Partners present their use-cases: What is already done today?
5. Wrap up & Outlook

4. Participants

Moderator:

- Masiwa Rusare, Cenfri (confirmed)

Expert pitches:

- Solomon Abiakalam, Group Director Compliance & Financial Crime, Equity Bank Ltd. Kenya (confirmed)
- Miroslav Palanský, Data Scientist, Tax Justice Network (confirmed)
- Max Heywood, Head of Public Sector, Elucidate (confirmed)

Use-case presenters:

- Verónica Boza Santaolalla, Intendant of the Strategic Analysis Department, FIU Peru (confirmed)
- Maja Jovanova, Head of IT Department, FIO North Macedonia (confirmed)

Lightning Talk:

- Victor Morales, GIZ GP IFF IT-Expert (confirmed)

Rapporteur:

- Masiwa Rusare, Cenfri (confirmed)

Technical Moderator (chat):

- Matthias Lütjen, GIZ GP IFF Session Lead (confirmed)

Graphic Recording:

- Deon Hanns, Visual Practitioner, Graphic Harvest (confirmed)

5. Itinerary/Running Order:

Time	Activity
02:55 pm CEST	Pre-event meeting with panellists
03:00 pm CEST	Event Start

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<p>03:00 – 03:05 pm CEST</p> <p>03:05 – 03:45 pm CEST</p>	<p>Welcome – Introduction by Moderator</p> <p>Future Scenario “Dataland in the year 2030”: Three experts make pitches about how they would imagine a well-functioning system which identifies and addresses IFF-risks with the help of data in their areas of expertise</p> <p><i>Intervention by Solomon Abiakalam, Equity Bank Ltd. Kenya</i></p> <ul style="list-style-type: none"> - Actions needed by business, regulators and governments in order to arrive in Dataland - How (the development of) new technologies can help getting there - Room for Q&A <p><i>Intervention by Max Heywood, Elucidate</i></p> <ul style="list-style-type: none"> - Supervising entities with the help of innovative risk scorings - Introducing financial crime risk ratings for banks similar to (nowadays already existing) credit ratings raising the awareness of stakeholders and creating incentives for banks to pro-actively engage in AML/CFT efforts - Room for Q&A <p><i>Intervention by Miroslav Palanský, Tax Justice Network</i></p> <ul style="list-style-type: none"> - Using transactional data to identify high-risk firms and individuals - Focus on tax-related IFFs: Addressing profit shifting of MNCs, tax evasion of individuals, etc. with a risk-based approach (fed by information about cross-border money-flows and their destinations) - Room for Q&A <p>Discussion with audience and experts: Why are we not yet in Dataland?</p> <ul style="list-style-type: none"> - Identify challenges and opportunities in the field - Discuss solutions which are development-oriented, i.e. they do not over-burden capacities in terms of technical, financial and human resource requirements while taking into account the risk-based approach <p><u>Guiding questions (to be prioritized depending on the previous Q&A rounds discussions):</u></p> <ul style="list-style-type: none"> - In the IFF-context: What are the current key challenges for gathering clean, structured and reliable data? Are these challenges, technical, institutional, political or others? - What are your experiences with applying digital solutions to analyze intelligence and other data? Are the solutions affordable (are they commercial off-the-shelf softwares or greenfield developments?)? Is staff capable to apply them? Do you have the necessary hardware or software available? - Where in the IFF-risk analysis sphere do you see the biggest potential for improvement through digital transformation? - What can be successful methods for up-scaling effective approaches and sharing knowledge with peers (on national, regional and global level (any experience with PPPs, hackathons, etc.)? Also, experiences from the private sector (already investing in research and development) would be of interest.
<p>03:45 – 04:25 pm CEST</p>	<p>Use-case presentations by partners: What is already done today with regard to identifying and addressing IFF-risks with the help of data, how are challenges addressed?</p>





	<p><i>Intervention by Verónica Boza Santaolalla, FIU Peru</i></p> <ul style="list-style-type: none"> - AI-tool supporting the structuring and analysis of data (via data mining and machine learning technology) - Identifying risks with regard to PEPs (e.g. flagging income outliers) - Followed by Q&A <p><i>Intervention by Maja Jovanova, FIO North Macedonia</i></p> <ul style="list-style-type: none"> - Presenting their risk model SORIS which is based on a data analysis algorithm - SORIS analyzes the North Macedonian BO register flagging suspicious entries - Followed by Q&A
04:25 – 04:30 pm CEST	Wrap up & Outlook: Summary Sessions
BREAK	
04:40 – 04:45 pm CEST	Welcome – Introduction by Moderator
04:45 – 04:55 pm CEST	<p>Path to ‘Dataland’: How the future of identifying IFF-risks can look like</p> <ul style="list-style-type: none"> - The experts shortly summarize their pitches integrating key take-aways & what they have learned through their interaction with audience
04:55 – 05:05 pm CEST	<p>Why we are not yet in ‘Dataland’ (challenges) and what measures need to be taken (recommendations / need for action) to get there</p> <ul style="list-style-type: none"> - Masiwa Rusare (Cenfri) - Presentation along <i>graphic recording</i> - Room for comments & questions from the audience
05:05 – 05:10 pm CEST	Wrap-up & Outlook: Call for Ideas to address identified challenges will be launched subsequently
05:10 pm CEST	End of session

6. Target Audience

Public Sector (target audience)

- Supervisory Authorities
- FIUs

Private Sector (target audience)

- Especially Financial Institutions and other DNFBPs handling large amounts of data

Civil Society (target audience)

- CSOs concerned with transparency, data sharing, data privacy but also unintended consequences (overregulation, de-risking, etc.)

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