How can we use technology to reduce fraud and financial crime?

techUK is the trade association for the technology sector in the UK. Our over-1000 members, the majority of which are UK-based SMEs, are based around the United Kingdom. Our members employ 1.1 million people across the UK, with a turnover of £329bn in 2023 and an estimated annual growth rate of 10%.

We have prepared this briefing to help Prospective Parliamentary Candidates understand key issues for the UK technology sector, what can be done to tackle these issues and the benefits of doing so.

This briefing draws upon:

- Our UK Tech Plan: How the next Government can use technology to build a better Britain
- Our blog on how UK tech companies are playing their part to tackle the rise of online fraud

More briefings, both from ourselves and techUK's members, can be found on our online briefing hub.

What is the problem?

Fraud is now the most commonly experienced crime in the UK, costing over a hundred billion pounds every year, with online fraud making up an increasing proportion of incidents.

The way fraud is committed is changing and dynamic. The pandemic changed the landscape as organisations accelerated the shift to digital operations, and fraudsters have followed suit.

The most common types of fraud include investment and pension scams, identity fraud and phishing among others. But while the instance of some frauds has fallen, such as authorised push payment (APP) fraud, where the victim is tricked into making large bank transfers to fraudsters posing as legitimate payees, there has been a spike in others. Romance scams have seen a rise in the last year, where fraudsters feign romantic intentions to swindle the victim out of money.

We need to respond across the whole system to beat the fraudsters: there is a value chain that passes through technology, but also encompasses a wider range of actors across our economy and society, from banks through to law enforcement. It is vital we work across sectors and public services, to track the behaviour of

fraudsters, see the journey they take victims on and think about how we disrupt and stop the fraudsters at every step. Whether that is through better information sharing and coordinated action or other measures.

We have seen fraud evolve in different environments, so we must also adapt to tackle changes at every step. The cost of living crisis has seen fraudsters target vulnerable people, while the festive period saw a rise in purchase scams. As platforms continue to take action, criminals look for new ways to conduct scams.

This is where a joint approach and a whole system change response is crucial.

Not only do we need actions from organisations to stop fraudsters, but disincentivising fraud through the prosecution of perpetrators, establishing systems and processes to safely exchange information and data so that they cannot strike again, and widespread education to ensure less people become victims are all necessary tactics.

How techUK members are working to tackle fraud at every step:

techUK's membership, from platforms, cyber security, telecoms and digital ID and infrastructure providers have been conducting their own work to address a range of fraud types: from smishing, romance scams, nuisance calls and APP fraud.

Ongoing work includes scanning images for known scammers, tracking and blocking IP addresses, sandboxing scammers and machine learning to pick up on fraud behaviours. tech companies also work bilaterally with stakeholders including police forces, Action Fraud, as well as European counterparts to improve fraud sharing information and public education.

techUK members have also been developing innovative solutions to support regulators and industry address fraud, through the deployment of AI, machine learning, digital identity and cyber security solutions.

- **Online Fraud Tech Charter:** techUK and several members recently implemented the Charter, following close negotiation with the Prime Minister's Anti-Fraud Champion and the Home Office. The voluntary commitment signalled closer working between the industry, government and law enforcement. It brought about commitments in a total of nine different areas, to continue comprehensively tackling fraud. These included reporting, intelligence sharing, transparency and takedowns.

- **Take Five Campaign:** As part of the OFG, techuk members Google, Meta, Instagram, Twitter, Amazon, Microsoft and TikTok collectively donated $ 1 million worth of advertising to the Take 5 to Stop Fraud campaign. The

support by major tech companies for the campaign is part of a collaborative and innovative whole-system approach. This pledge of support enabled the Take Five campaign to reach hundreds of thousands of online users across the year and offer consistent messaging and awareness to over ten different types of fraud across the technology, banking, and finance industries.

- **FCA Authorisation of Financial Service Advertisers:** Through the OFG, members Meta, Microsoft and Twitter committed in 2021 to introduce a revised advertising onboarding process, that requires UK regulated financial services to be authorised by the Financial Conduct Authority prior to serving financial services adverts on their sites. This process has already drastically reduced scams ads on several platforms and is driven in partnership with the UK Financial Conduct Authority as part of ongoing efforts to help prevent online advertising financial fraud. Members Google, TikTok and Amazon had also already implemented policies for financial services advertisers since 2021.

- **Stopping Nuisance Calls:** Since the pandemic, there has been a rise in scam calls and text messages. Research from Ofcom suggests that 45 million people in the UK were targeted by this type of fraud in the summer of 2021. The challenges surrounding nuisance and unwanted calls has been a long-established priority of Ofcom and the industry, who are working closely together to reduce the potential harms caused by unsolicited communications. techUK members such as BT have been seeking to innovate in the fight against fraud, stopping millions of scam calls and texts each week. For example, since introducing EE's new anti-spam filter last year, more than 200 million SMSs have been blocked and customer reports of scams on EE have fallen by 91%.

- **Work with Stop Scams UK:** Almost all scams will touch on two or more of the banking, technology and telecoms sectors. The only way to effectively tackle this harm is for businesses across each of these sectors to work together on technical solutions to scams, backed by appropriate and proportionate regulation. Several techUK members are part of Stop Scams UK, working across sectors to conduct information research and building systems to notify financial institutions of any suspicious activity.

- **Harnessing the Power of Machine Learning and AI Solutions:** As data breaches continue to fuel global cybercrime, trying to spot fraudsters becomes difficult when bad actors leverage machine learning and artificial intelligence to industrialise their illicit behaviour. With this goal in mind, members such as LexisNexis® Risk Solutions have been working to tackle this, creating FraudPoint UK, harnessing the power of predictive machine learning techniques to holistically risk-assess identities, in near real-time.

- **Digital ID**: Members in the digital identity sphere have also been offering solutions to combat fraud. Member Onfido uses remote identity verification and authentication using biometric technology, enabling customers from banks and fintechs to e-scooter providers to prevent bad actors accessing services. Many financial services customers use providers offering such technology to help meet regulatory compliance requirements such as anti-money laundering and "know your customer" obligations.

- **Tackling Fraud Through Cyber Security:** techUK's members provide a range of cyber security products and services, covering the three critical components of cyber security – technology, people and processes. They offer technical solutions, as well as training people on how to avoid becoming the victim of fraud by knowing how to spot phishing or smishing.

What could the Government do to better tackle fraud?

There is no silver bullet solution in tackling fraud. Cross sector collaboration to deliver real time reactive responses to emerging fraud threats will be crucial. The next Government should:

- **Focus on the delivery of the Online Safety Act:** by supporting in scope services and the regulator during implementation phase of the Act. The Act includes measures on fraudulent advertising and scams, which seek to address fraud. Given the considerable length and breadth of Ofcom consultations this year, which services will be responding to, the Government should focus on the successful implementation of this legislation

- **Ensure all Government and cross sector work to address fraud is conducted cohesively:** by ensuring that no work duplicates or infringes upon obligations under the OSA, which should take precedence. The Government should also ensure that the relevant department facilitates cross sector collaborations, such as through the continuation of the Joint Fraud Taskforce (JFT).

- **Continue to promote cross sector collaborations:** by supporting the continuation of the JFT and bilateral work between the technology, banking and telecoms sectors.

How can I learn more

techUK is committed to continue leading the tech sector in driving change. We are part of the Home Office's Joint Fraud Taskforce, working directly with ministers and secretaries of state to address fraud, and as part of ongoing collaborations with the Home Office, National Economic Crime Centre (NECC) and UK Finance (UKF), we

work to conduct information sharing across sectors and create tangible solutions through the Online Fraud Group (OFG).

If you would like to know more about what can be done to tackle fraud, you can read our UK Tech Plan and our blog on how UK tech companies are playing their part to tackle the rise of online fraud

techUK can also arrange a call with yourself and our policy managers so we can brief you on this topic in more detail. If this would be of benefit to you, please contact archie.breare@techuk.org and alice.campbell@techuk.org.

techUK is also able to arrange a meeting between yourself and a member company of ours who has premises in your constituency if possible. This would provide you with a photo opportunity and allow you to discuss the importance of this issue further with a company operating in your constituency.