

Financial Crime Data Return

Financial Conduct Authority (FCA)

RPC rating: validated

Description of the measure

At present, the FCA's financial crime supervisory work relies on the use of *ad hoc* data requests to gather information about firms' systems and controls. In order to gather information from firms about financial crime routinely, the FCA is introducing a financial crime return for the first time. This will be automated via the FCA's existing electronic reporting system (GABRIEL).

Impacts of the measure

The assessment explains that the reporting requirement will affect around 1,400 firms. To estimate the costs of the proposal, the FCA has looked at similar reporting requirements and consulted with trade bodies and firms. Based on this information, the FCA estimates the measure will impose one-off costs on firms of £10.9 million and ongoing costs of £0.7 million per annum. The assessment notes that the costs are likely to vary significantly among firms and to depend heavily on firm-specific factors, including the complexity of the work undertaken and the type of IT systems used.

The assessment also sets out the benefits of the proposal, which derive from reducing financial crime. These benefits have not been monetised.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £1.8 million. This is a qualifying regulatory provision that will score under the business impact target.

Quality of submission

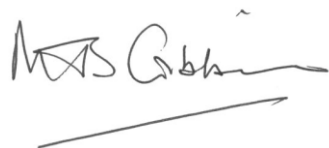
The FCA has provided sufficient evidence to support its estimate of the impact of the measure. Nonetheless, the assessment would have been improved by a more detailed explanation of how the unit cost estimates were derived. It would also have benefitted from more specific information on the types of costs that firms would face, including the impact on IT systems. The assessment sets out that the measure will reduce the need to visit firms posing a lower risk. This potential benefit to business could have been explored in more detail. It is pleasing that the assessment considers the wider benefits of the measure.

Regulator assessment

Classification	Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	£1.8 million
Business net present value	-£16.9 million

RPC assessment

Classification	Qualifying regulatory provision
EANDCB – RPC validated ¹	£1.8 million
Business Impact Target (BIT) Score ¹	£9.0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.