

A pocket guide to: FCA, AI and the new reality for Financial Crime Operations

To find out how FCR Compliance can help you to navigate the new environment, please contact Steve@FCRcompliance.com



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Defensible isn't enough any more...

Our guide will walk you
through FCA and what their
adoption of AI means for
Financial Crime Operations.



The Approach

In January 2026, Jessica Rusu, Chief Data Information and Innovation Officer, FCA, set out their direction:

- the rules are not changing; but
- supervision is becoming more data-led and technology-enabled

With the FCA now working with Palantir Technologies to apply AI to real data:

- this is no longer a future ambition
- it is already underway



The Reality

For many years, firms have built Financial Crime controls that are:

- well documented
- aligned to policy
- capable of being defended

However:

- this does not always mean controls are effective
- the gap between 'defensible' and 'effective' has often gone unchallenged

That gap is now becoming much more visible.



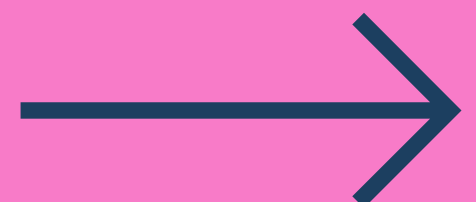
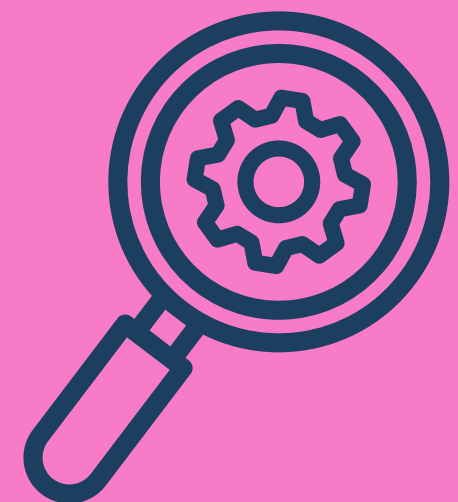
1. Process is not protection

Following the correct process has previously been seen as sufficient. **This is changing.**

If a control does not effectively detect or prevent risk, the process alone **will not** provide protection.

What to do:

- assess controls based on outcomes, not just completion
- review real cases, not just management information
- ask whether the control **genuinely** reduces risk



2.Data is a control

Financial Crime decisions depend on data. If data is:

- incomplete
- inconsistent
- difficult to explain

then:

- decisions will be flawed
- risk can not be properly identified

Poor data is not just a technical issue.
It is a control weakness.

What to do:

- identify critical data used in decision-making
- address inconsistencies across systems
- assign clear ownership and accountability



3. Volume is not risk management

Many Financial Crime Operations functions are structured around:

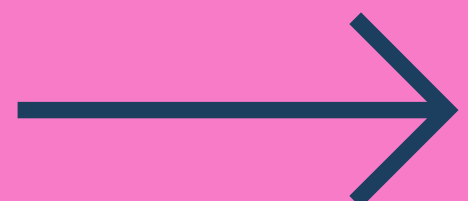
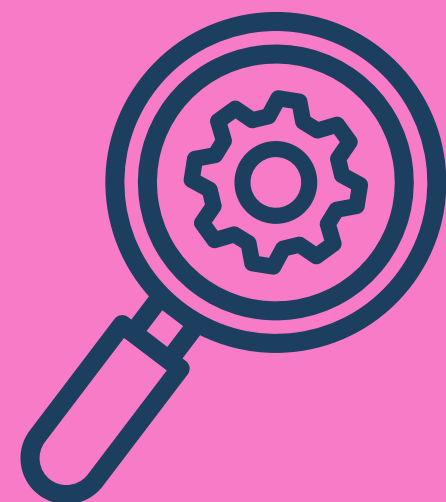
- processing alerts
- clearing queues

however:

- processing activity is not the same as managing risk
- a focus on volume can create a false sense of control

What to do:

- prioritise higher-risk cases
- reduce unnecessary alerts
- allow time for judgement, not just processing



4. Decisions will be scrutinised

It is no longer sufficient to show that a process was followed.

There will be greater focus on:

- why decisions were made
- whether decisions are consistent
- whether risk was properly understood

What to do:

- clearly document decision rationale
- test consistency across teams
- strengthen judgement through training and oversight



5. Leadership is in scope

As regulatory capability improves, so does visibility.

This leads to more direct questions:

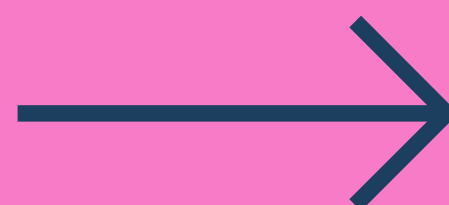
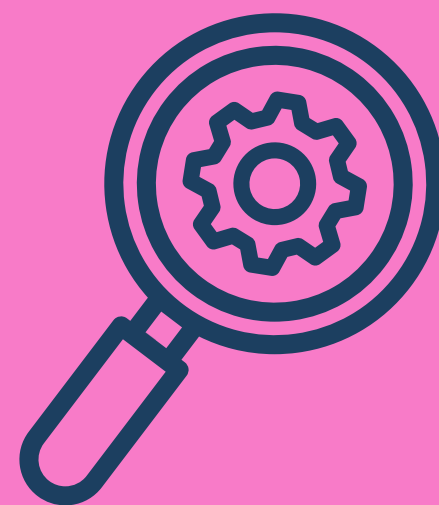
- Why were issues not identified earlier?
- Why do outcomes differ?
- Who is accountable?

This is not just an operational issue.

It is leadership responsibility.

What to do:

- improve reporting to focus on outcomes
- ensure clear ownership of risks and controls
- strengthen senior oversight



6. The bottom line

The rulebook has not changed.

However:

- The ability to assess effectiveness has improved significantly
- The focus is shifting from process to outcomes



A final thought...

If Financial Crime Operations at your firm were assessed today solely on outcomes:

- Would your programme demonstrate effective controls?
- Would your decisions stand up to scrutiny?





Steve Lockwood

Steve is one of FCR Compliance's founders. He has been a financial crime specialist for over 20 years.

Steve started his career in law enforcement investigating organized crime money laundering, he then moved to the UK Financial Conduct Authority (FCA) as an investigator in Enforcement and then as a specialist supervisor in the Financial Crime Supervision team. Here he conducted reviews of regulated firms' financial crime compliance programs.

Since 2017 Steve has been helping clients to assess, develop and remediate their Financial Crime compliance programs.



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