



BANK OF ENGLAND

# FinTech Accelerator Proof of Concept

**ENFORCD EDB-** Cloud-based database of regulatory enforcement actions with commentary and analysis

## Background

The Bank of England works with innovative firms through its FinTech Accelerator programme in order to explore new technologies. This note describes a pilot project which provided a limited number of staff within the Bank access to a consolidated 'Enforcement Database' (EDB) of publically available UK regulatory enforcement actions and news, along with commentary written by Enforc'd's own regulatory lawyers and from City law firms and Chambers.

Having easy access to relevant published regulatory enforcement decisions can be an important input to financial firms' overall compliance programmes. Although the substantive information in the Enforc'd database is already in the public domain, collating and absorbing the insights it contains – and keeping it up to date – can be labour intensive and time consuming.

## The Proof of Concept

A Proof of Concept (PoC) was arranged with Enforc'd, a start-up company, which has developed a web-based database which offers:

- All published UK regulatory and tribunal enforcement decisions since 2002;
- Analysis of the enforcement decisions, prepared by Enforc'd's regulatory lawyers, coded to enable review from multiple perspectives;
- The identification of trends, and the aggregation and analyses of themes and breaches against firms, enabling inferences to be drawn which might otherwise be difficult;
- Commentary outlining conclusions from analysing the enforcement decisions, including recommendations for how regulated firms might improve their own systems and procedures contributed by Enforc'd staff, affiliated law firms and Chambers;
- A repository of regulatory news pooled from several online sources.



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We trialled the database in the Bank's Regulatory Action Division (part of the Legal Directorate) allowing the enforcement lawyers to use it as a source of information alongside other databases. We found the website interface to be intuitive, user-friendly and capable of being tailored to reflect the interests of the user by various preference settings. The categorisation of the information in the database appeared to be well thought-through on the wider impact of enforcement decisions and made it easy to identify relevant data. Of particular interest were the trend analysis and the ability to view cases organised by industry themes or specific regulatory breach, allowing the data to be readily interrogated from a number of different perspectives. The analysis which can be drawn from the database is intended to enable the identification of areas where breaches have typically occurred in similar organisations and the penalties which have been incurred as a result.

At present some of the written analysis from external legal contributors appears to be equivalent to 'case commentary' type updates and publications typically put out as client marketing material by City law firms, although we understand that some insight pieces are produced especially for Enforcd. The news aggregation services likewise are broadly comparable to other market sources at this point.

### **Reflections and next steps**

We understand that the Enforcd database is primarily intended to become a tool which compliance and risk professionals in banks and insurance companies can use to understand how other firms are being held to account and how they can best embed regulatory lessons into their own governance processes and controls. It might also be used as a training aid for a wider population of staff and provide senior managers with an aggregated source of information on regulatory enforcement. This PoC demonstrated how technology could potentially facilitate compliance and the development of best practice in this area.

Enforcd is currently in its Beta phase and we have identified some areas for further development (most of which we understand from the firms is already in its strategic plan and scheduled for imminent delivery):

- Currently, the database holds enforcement information from UK regulators. Further value can be added to the product once overseas regulations and impacts are included. Of particular value would be the addition of the US regulatory context;
- The use of Application Programme Interfaces (APIs) could be explored to see how further value might be added by incorporating the information collected from the database directly into firms' own compliance systems.

The Bank of England will continue with access to Enforcd as a reference client, and looks forward to seeing how it contextualises information on enforcement from other jurisdictions.