

Future SARs initial workshop summary

There is significant interest both in the UK and globally in reform of the Suspicious Activity Reports (SARs) system. A political window might soon open for substantial reform that could both lighten the regulatory burden and be tougher on crime.

This report summarises key insights from a cross-sector workshop, held on 6th November 2025, which brought together approximately 30 senior individuals from financial institutions, compliance industry, the legal sector, government, law enforcement, and civil society to test and agree the objectives of the UK's SARs regime. This was a necessary first step to inform work to identify potentially better approaches to meeting these objectives.

The discussion revealed clear cross-sector consensus that the current system for submitting financial intelligence to law enforcement needs to be more effective and that there is appetite for ambitious reform. Key findings included widespread recognition that SARs are one tool within the broader financial intelligence toolkit – which is undergoing significant development in some areas currently – and agreement that reform would enhance effectiveness, rather than the current SARs system being fundamentally broken. The discussion also highlighted the significance of different sectoral challenges.

1. Testing initially proposed system objectives

1.1 'Enabling actionable intelligence from the private sector to be accessed by law enforcement'

This draft objective generated significant discussion around what 'actionable' and 'valuable' mean. It was agreed that actionable intelligence is created through the combination of financial information from SARs and criminal intelligence related to predicate offences, and that there is a lack of clarity around what information the FIU find valuable and what they do not. The absence of a feedback loop, particularly for the many organisations not engaged in existing information-sharing initiatives such as the Joint Money Laundering Intelligence Taskforce (JMLIT), makes it hard to clarify what should be excluded and what should be emphasised.

1.2 'Incentivising the private sector to engage in preventing money laundering'

The vast majority of the private sector works very hard to minimise the risk of being used by money launderers. Furthermore, while there is strong interest in the banking industry in prevention approaches, SARs are fundamentally a detection mechanism that operates after suspicious activity has occurred. Prevention requires different tools and approaches, such as network analysis and intelligence sharing that enables the private sector to stop illicit funds entering the system in the first place.

1.3 'Enabling a risk-based approach that accepts and allocates residual risk appropriately'

While AML regulations require a risk-based approach, existing reporting legislation leads to over-reporting. High-volume low-value reporting drives significant numbers of SARs and stems from low reporting thresholds, a legal and regulatory regime that results in compliance-oriented approaches rather than intelligence-driven reporting, and the risk of criminal offences for failure to report.

1.4 'Informing the redirection of resources to where they matter most'

System prioritisation should focus collective efforts where they can have the biggest impact and allocate resources more strategically. This is related to but not a direct objective of the SARs system.

Conclusion: cross-sector participants proposed two objectives that the system (which includes SARs and any complementary/alternative approaches) should seek to deliver:

- 1. Supporting firms to understand and manage financial crime risk within their organisations.** This means enabling the regulated sector to develop robust internal understanding of how their specific products and services may be exploited, and to identify suspicious behaviour based on that contextual knowledge, and to incorporate learning into their controls; and
- 2. Enabling sharing of financial information from the regulated sector with law enforcement for the purpose of creating useful actionable intelligence.** Once firms have identified suspicious activity through their internal risk understanding, they need mechanisms to share this information in ways that efficiently and effectively contribute to actionable intelligence.

2. Key issues

2.1 Scope definition

SARs are just one tool among many (see broader initiatives, below). Should this conversation be about how to shape public-private engagement on financial crime, or about how to use financial intelligence to combat crime? Where should the boundaries of this thinking be drawn?

2.2 System overwhelmed, not necessarily broken

The SARs system is overwhelmed rather than fundamentally broken. Multiple participants emphasised the importance of understanding what works and where the system delivers value, and the need to recognise that something like SARs will always be needed in some form.

2.3 Sectoral differences

There are stark differences between sectors. Banks generate vastly more reports than other sectors and face a fundamentally different set of challenges. They also have well-established dialogue with government and considerable partnership work is underway to address their challenges.

However, this illustrates part of the problem: the regulated sector also extends far wider than the banking industry, and the conversation to date has focused on major banks. Smaller organisations and other sectors face different challenges, including limited law enforcement relationships and different risk-based approach capacities.

3. Relationship to broader initiatives

Considerable work is already underway. Those mentioned in this discussion included:

- **SARs reform:** the FIU now conducts additional central analysis alongside police force and FIU direct access to SARs and is building analysis technology to enable more effective high-volume data processing. Some feedback is now also provided to some SARs reporters, and reporting thresholds are subject to ongoing consideration.
- **Wider toolkit:** Data Fusion is a potentially transformational development for the major banks, JMLIT remains a valuable system for information sharing, private-to-private information sharing is developing, and network analysis can be used to identify sanctions evasion, organised crime and kleptocratic networks. A significant challenge, however, relates to smaller firms and firms in other regulated sectors, which do not have access to these additional tools in the wider toolkit.

4. Next steps

Government intends to publish an Anti-Money Laundering and Asset Recovery (AMLAR) strategy in summer 2026. This will set out government's plans for the future of financial intelligence. It will not, however, consider revisiting the whole system. There was cross-sector agreement on the value in having a wider conversation about potentially more radical approaches – including both innovative additions to the toolbox to complement existing mechanisms and using existing mechanisms in very different ways – outside the boundaries of a government strategy process. This thinking could well become relevant over a longer (e.g. 5 year) timeframe.

The immediate next step is for volunteers to identify and outline proposals for: 1) radically different ways of making use of SARs to meet the two objectives above; and 2) complementary or alternative approaches that may offer appropriate tools for meeting these objectives in some specific contexts/for some sectors.

The objective of this work will be to develop options for achieving major improvements in delivery of the two core objectives of the current SARs system as identified above.

These options for potential additional tools within the toolkit will be developed through deep work on specific ideas with a small working group consisting of all volunteers, before presentation back to the wider cross-sector group. To avoid duplication, and recognising that banks have well-established dialogue with government on much of this, broader stakeholder engagement – ensuring other less-engaged sectors are part of this conversation – will add distinct value. Different approaches within the SARs-system toolkit will be essential for different sectors.