



# **TECHNOLOGY**

6 November 2017

## **POLICY DEVELOPMENTS**

### **CYBERCRIME ASSESSMENT: RANSOMWARE ECLIPSING OTHER CYBERCRIME THREATS**

Europol published on October its annual [Internet Organised Crime Threat Assessment](#) (IOCTA). The report shows how cybercrime continues to grow and evolve.

Europol explains that ransomware attacks have eclipsed most other global cybercrime threats. These are taking place on a scale previously unseen because of the emergence of self-propagating ‘ransomworms’, such as WannaCry and Petya/NotPetya. Such ransomware has successfully widened the range of potential victims because of poor digital hygiene and security practices.

The report notes that social engineering techniques have become an essential and successful tactic for cyber criminals. This has led to breaches relating to the disclosure of over 2 billion records in the past year.

As a result, Europol recommends adequate training of the public and employees to react appropriately to social engineering.

Given these findings, accountancy professionals are recommended to make sure they can prevent and deal with cyber-attacks. You can find some guidance on how to do this in the cybersecurity section of Accountancy Europe’s [Technology Hub](#).

Moreover, it is helpful to consult the [No More Ransom](#) project, which provides free advice and decryption tools for victims of ransomware. It is available in 26 languages, has 54 decryption tools and has helped over 29 000 victims decrypt their files.

### **EUROPEAN COUNCIL DISCUSSES DIGITALISATION**

The European Council [discussed](#) on 19 October the needs of a ‘Digital Europe’ and the conclusions reached by Estonian Council Presidency [Tallinn Digital Summit](#) of 19 October.

In line with the Tallinn Digital Summit, the European Council:

- supported the development of the Commission's cybersecurity proposals (see also [October Tech Update](#))
- invited the Commission come up with a European approach to artificial intelligence by early 2018 to address emerging trends and ensure a high level of data protection, digital rights, and ethical standards
- make the public sector and the labour market fit for the digital age
- look forward to the Commission proposals by early 2018 on an effective and fair taxation system for the digital era (see also [Tax Policy Update of 17 October](#))

The European Council is not involved in the EU legislative process. However, it sets out the EU's strategic direction. Their conclusions give, therefore, an indication of future EU policy-making.

## **YOUR DATA IS SAFE IN THE US – FOR NOW**

The Commission [published](#) on 18 October its first annual review of the EU-U.S. Privacy Shield. The review concludes that the Privacy Shield ensures an adequate level of data protection. However, there is room for improvement.

The EU-U.S. Privacy Shield came into operation last year. It allows the transfer of personal data to the United States by guaranteeing a similar level of data protection as if the data would have stayed in the EU.

Therefore, the positive review brings legal clarity for businesses. For example, accountancy practices will continue to be able to rely on the Privacy Shield to store their data in the US.

The report will be sent to the European Parliament, the Council, and the EU Working Party of Data Protection Authorities for their consideration. The Commission will also work with the U.S. authorities on the follow-up of its recommendations in the coming months.

The report of the Commission will likely be criticized. For example, the European Parliament [adopted](#) in April a resolution that was very critical of the Privacy Shield.

Moreover, the Privacy Shield is currently being challenged by Digital Rights Ireland, as well as the Quadrature du Net, French Data Network, and Fédération des Fournisseurs d'Accès à Internet Associatifs. Equally, the use of contractual clauses, an alternative to the Privacy Shield to transfer data to the US, is being challenged.

Consequently, it is advisable for practitioners that store their data in the US to closely follow any relevant developments in this field.

## **COMMISSION LAUNCHES PUBLIC CONSULTATION ON TAXATION OF THE DIGITAL ECONOMY**

The European Commission launched on 26 October a public consultation on the taxation of the digital economy. Based on the input, the Commission will propose a legislative initiative in March 2018.

The consultation aims to define a common EU approach for the taxation of the digital economy, in light of the current political momentum on the topic.

The deadline for providing comments is 3 January 2018. For more information on this consultation, please see our [Tax Policy Update](#) of 16-27 October.

## **FATF CONTINUES OUTREACH TO FINTECH COMMUNITY**

The Financial Action Task Force (FATF) held on 9 and 10 October its second [FinTech and RegTech Forum](#). The Forum provides a platform for interaction with the FinTech and RegTech community.

Participants discussed the opportunities and challenges of FinTech and RegTech for anti-money laundering (AML) and countering the financing of terrorism (CTF) policies. The meeting focused primarily on:

- the use of digital ID in the context of non-face-to-face relationships
- distributed ledger technology
- public-private information sharing

## CONSULTATION SHOWS SUPPORT FOR EU REGULATION ON ROBOTICS AND AI

The European Parliament has released the [results](#) of its public consultation on robotics and Artificial Intelligence (AI). The 298 responses will feed into the forthcoming 'Cost of Non-Europe on Robotics and Artificial Intelligence Report'. This will focus on the ethical, economic, legal, and social issues arising in the area of robotics and artificial intelligence for civil use.

More than 50% of respondents have a positive attitude toward robotics and AI. However, 34% fear that robotics would eliminate jobs. Almost 90% of the respondents are in favour of action at EU or international level.

The results will influence the Parliament when defining potential next steps and future policies at EU level.

## ACCOUNTANCY INITIATIVES

*If you would like to share your latest technology-related initiative, please e-mail [Willem](#) or [Robin](#).*

## INSTITUTES OF INTERNAL AUDITORS PRESENT HOT TOPICS FOR THE INTERNAL AUDIT

A group of European Institutes of Internal Auditors have released their report [Risk in focus: hot topics for internal audit 2018](#). The report identifies key themes to which internal audit teams should pay attention in 2018 to mitigate risk and add value in their organisations. The 'hot topics' were identified based on interviews with Chief Audit Executives (CAEs) from France, Italy, the Netherlands, Spain, Switzerland and the UK.

The main findings are:

- Cybersecurity and the General Data Protection Regulation are the most commonly identified risk areas in all countries
- Political uncertainty is mostly a hot topic in the UK and Spain
- CAEs in financial services are more concerned by regulatory complexity
- Technology requires internal auditors to learn new skills and adopt innovative tools

The report provides for each hot topic a description, followed by an explanation of how it affects the internal auditors and what key questions they should be asking themselves.

## ICAEW: EVIDENCE, NOT ASSUMPTIONS

ICAEW's report [Evidence, not assumptions](#) looks at how data analytics can improve business performance and how management needs to change to make most of the technology. For example, data analytics help identify kickbacks in the oil industry or chase debt by utility companies.

Moreover, the authors point out that there are risks and challenges with using evidence from data. The publication provides questions for management to help them consider the opportunities and risks of data analytics.

## TECH AWARD WINNERS

The Accountant & International Accounting Bulletin organised its annual accountancy awards ceremony on 4 October. Two of these [awards](#) are related to technology in the accountancy profession.

The award for Accountancy Software of the Year went to Inflo. This cloud-based software platform automates processes to offer new ways of using analytical data techniques. Jurors described it as a true game changer because it enables client interface, efficiencies, and analytics without the need for large capital investments.

The award for Audit Innovation of the Year went to PwC's GL.ai. This is a bot that uses artificial intelligence (AI) and machine learning to 'x-ray' a business to detect anomalies in the general ledger. The technology impressed jurors by how artificial intelligence can revolutionize the risk based approach in auditing. GL.AI is currently being tested in pilots in Canada, Germany, Sweden and the UK.

## ROBOTS IN THE NEWS

Technology is getting so much news coverage that it starts becoming difficult to keep track of what is happening or relevant. To help you navigate this ever-expanding information stream, we offer you our selection of articles that we found most interesting. Is there an article missing that you think should be part of this list? Please send it to [Willem](#) or [Robin](#) and we will include it in our next update!

- [Malta's Government Is Putting Academic Certificates on a Blockchain](#), CoinDesk
- [Your biggest cyber threat? It's not who you think it is](#), Financial Times
- [Beyond Bitcoin: What Does the Future of Financial Crime Hold?](#), Rusi
- [Data is not the new oil](#), BBC news
- [Prepare to meet the robot recruiters](#), Financial Times
- [Forget Bitcoin. Have You Heard of IMFcoin?](#), The Wall Street Journal

## ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 50 professional organisations from 37 countries that represent close to **1 million** professional accountants, auditors, and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18)