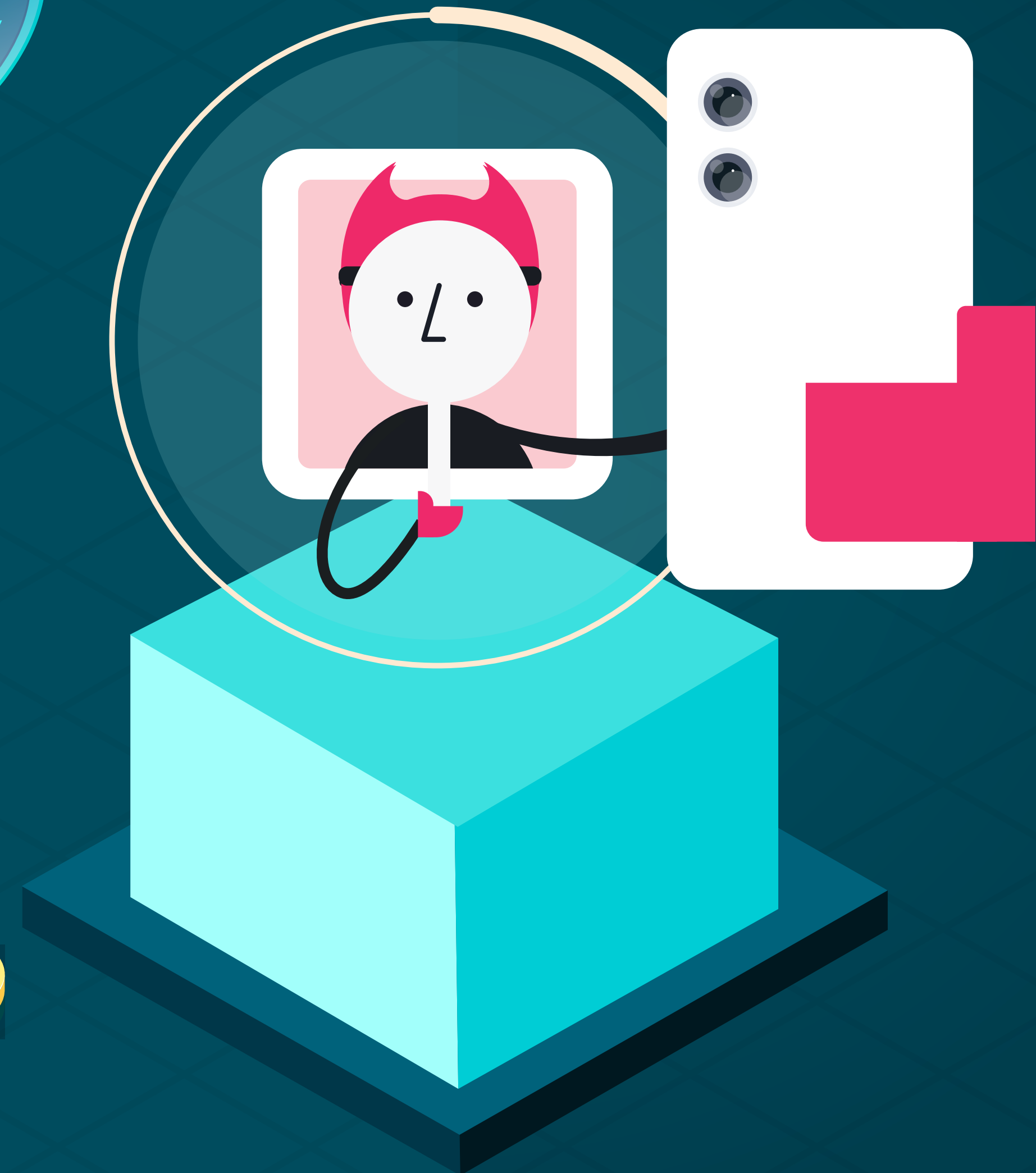




Compliance and Conversions:

How fintechs can have
both with Veriff



May 2022

What does long-term investment in identity verification look like for fintechs?



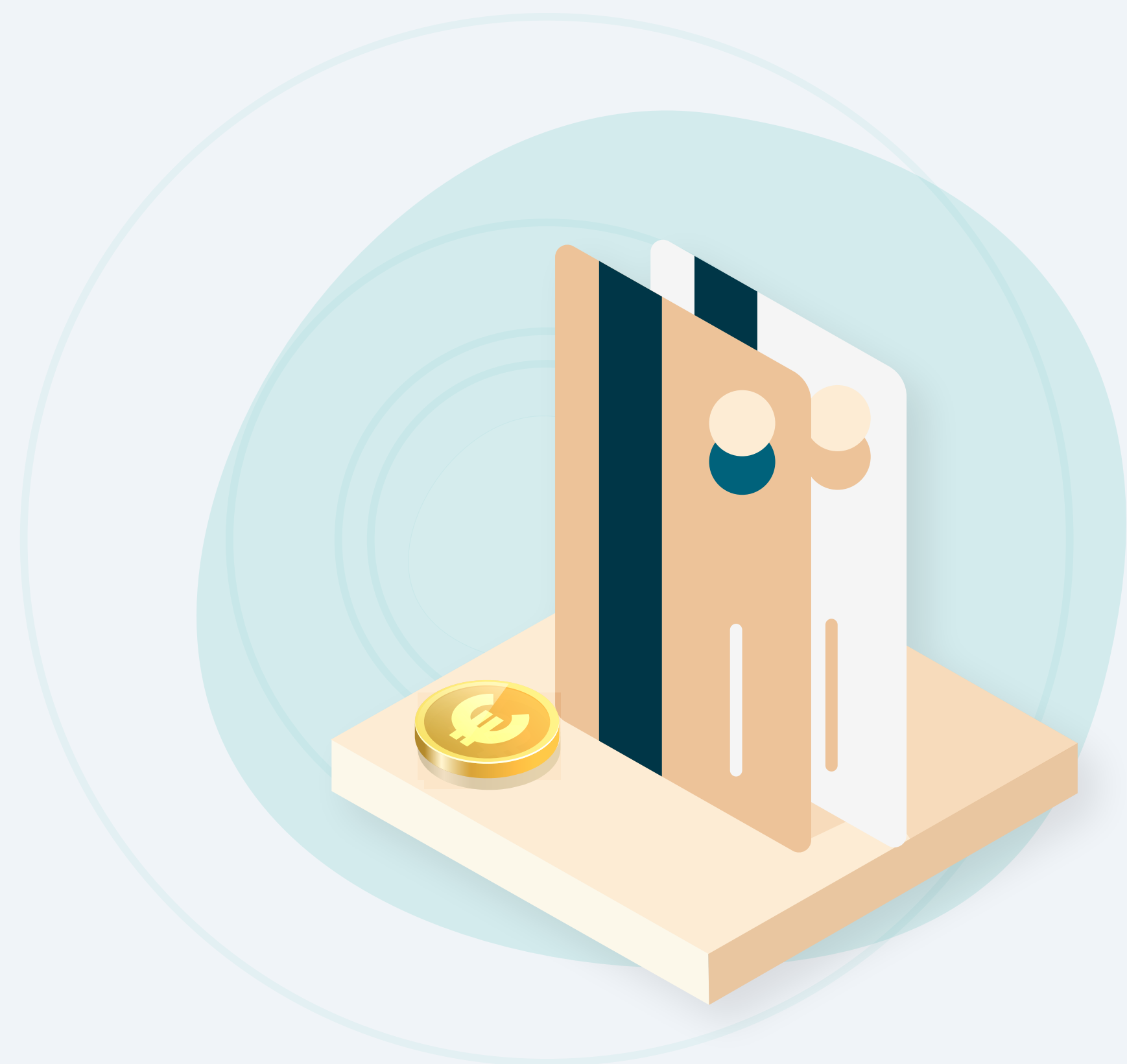
There is a dire need for safe, secure, and scalable digital identity verification (IDV) in the fintech space. Fintech has become a necessary and powerful industry, as the global market is expected to reach over \$324 billion by 2026, growing at an annual rate of 23.41%.

Even before the COVID-19 pandemic, crypto wallets, neo-banks, and other digital financial entities were struggling to endure the weight fraud had on their business. As we move through our “post-COVID” world, these businesses will continue to move away from being a flash in the pan and trendy, but will become vital parts to our economic ecosystem.

These businesses are fighting both the cost of fraudulent users, as well as declining customer conversions as businesses rely on inaccurate and cumbersome IDV.

Additionally, investment in a long-term solution that keeps fintech companies compliant with regulators, increases user conversion, and stops fraud increases profit margins, decreases business costs, and provides a host of intangible benefits such as brand trust and loyalty.

The Impact of Fraud on Fintechs

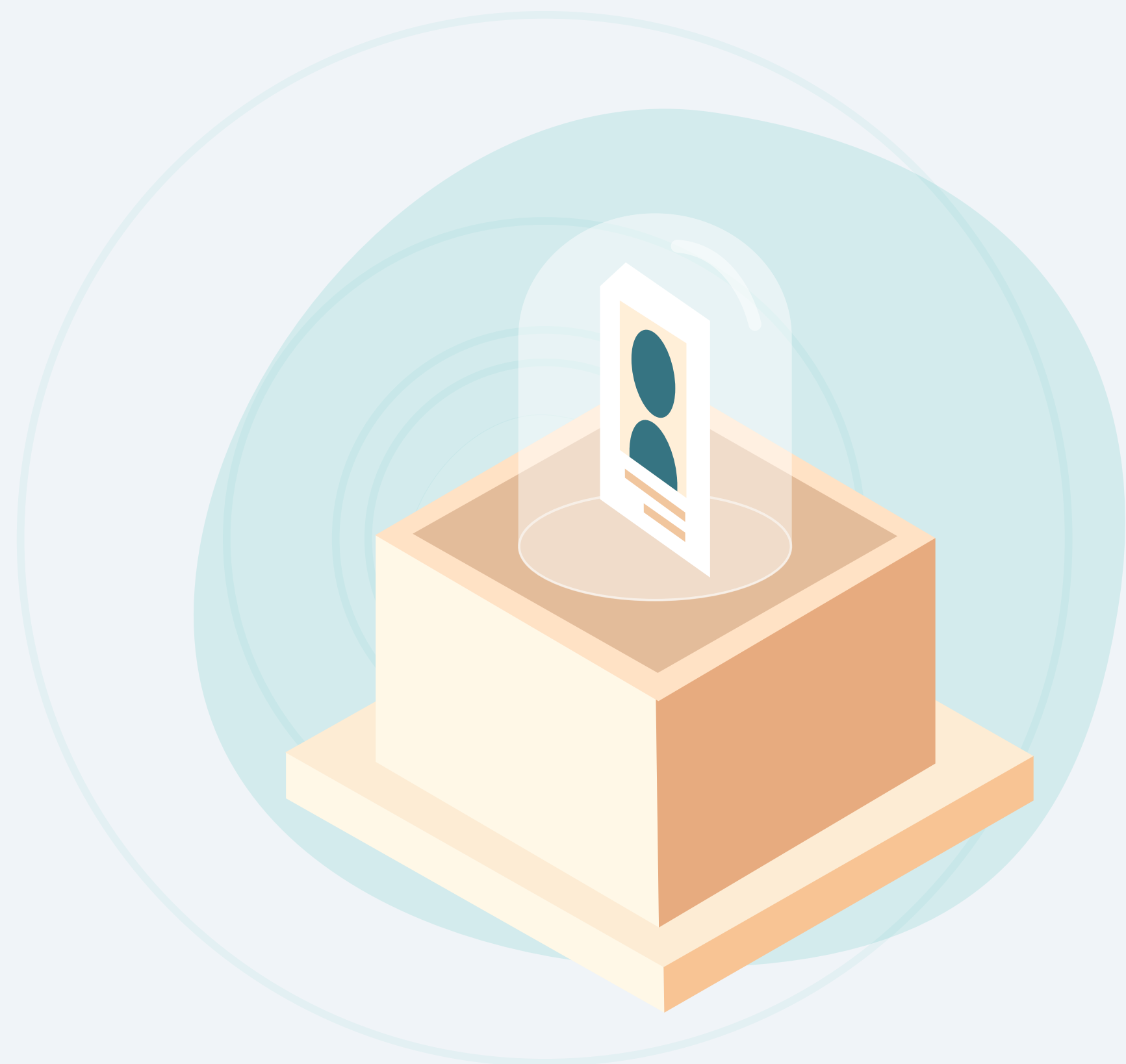


In [Veriff's 2021 Identity Fraud Report](#), we analyzed fraud data around fintechs and found that identity fraud makes up close to two-thirds of all fraud incidents globally — and this fraud has doubled compared to 2020. According to the findings in the Veriff report, fraudulent activity in the fintech sector grew 50%.

Additionally, the crypto space continues to see rising rates of fraud which is causing concern for the industry at large. According to Forbes, cryptocurrency crimes increased 24,000% from 2016 to 2021. The U.S. experienced more fluctuations in crypto fraud rates, seeing a notable uptick in fraud after the price of Bitcoin increased in March 2021 — the EU saw an increase but it was not as severe.

The regulatory environment is rapidly changing, but one thing remains constant: consistent introduction of government oversight. Fintechs looking to not run up against regulatory restrictions need to find a way to button up their KYC and AML protections. Bigger traditional banks are working with government agencies to instill more regulations to “level the playing field,” and the changes are coming, especially for crypto. We’re already seeing changes across Europe around registration requirements and licensing without hindering business.

The Impact of Fraud on Fintechs



Fraud rates are on the rise, and due to COVID-19's continued presence, online banking, fintech, and e-commerce will only continue to boom and create more opportunities for fraudsters to harm businesses and their customers.

According to a [TransUnion survey](#), 40% of consumers with a financial account said they are using digital platforms more due to COVID-19.

The fintech industry is evolving as the demand reaches new heights and it's important for these institutions to keep fraud in mind as they scale to serve more customers.

Financial services are slow to adopt new technologies, leaving them with fewer options to solve fraud concerns. However, according to the [Global Banking and Finance Review](#), 45% of financial services firms have invested in AI and machine learning technology in 2021.

This is an important move, as this industry is usually slow to adopt new technologies — showing just how valuable this technology is to this space.

The Impact of Fraud on Fintechs



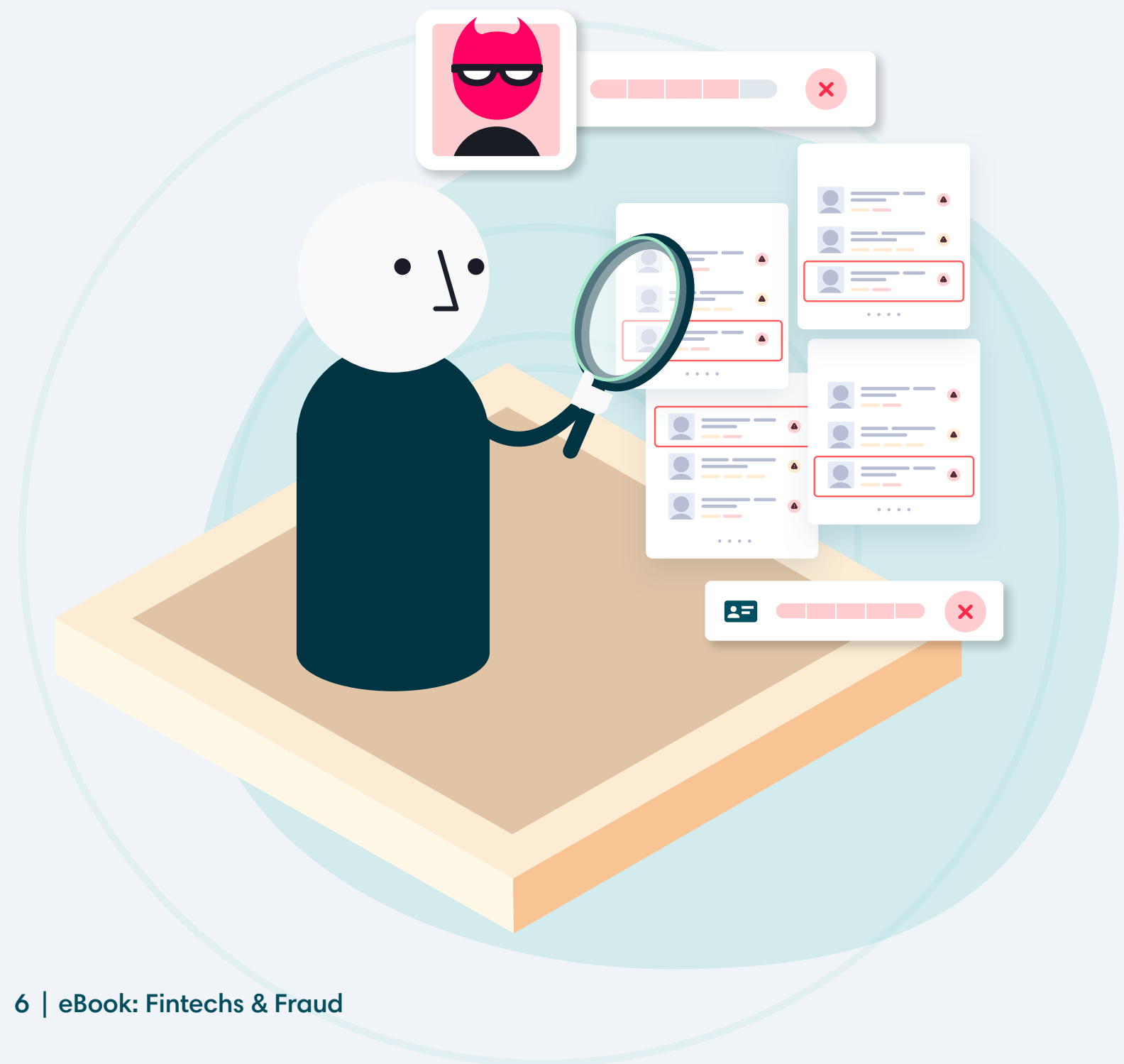
We know that customers are flocking to fintechs and digital banks in droves, so the compliance piece of the puzzle is becoming more and more integral.

Companies who are ahead of the curve with fraud, know the reliability of Electronic Know Your Customer (eKYC) and online identification services which allows for complicated and time-intensive processes involving personal data, customer identification, and verification can be reduced to mere minutes.

Through machine learning, artificial intelligence, and identity experts, Veriff provides organizations with the tools necessary to provide best-in-class online [identity verification in seconds](#).

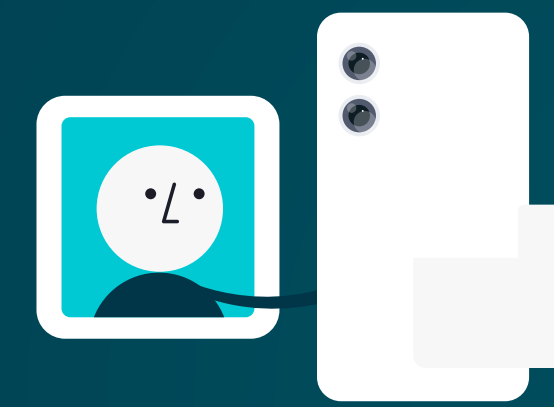
Veriff collects more data points than any other identity verification provider. Many [large-scale companies](#) have chosen Veriff as their KYC and fraud prevention service provider.

How Veriff is stopping fraud and increasing conversions



- ✔ An end-user flow that is intuitive, and has built-in features that promote increased safety without slowing down the process such as:

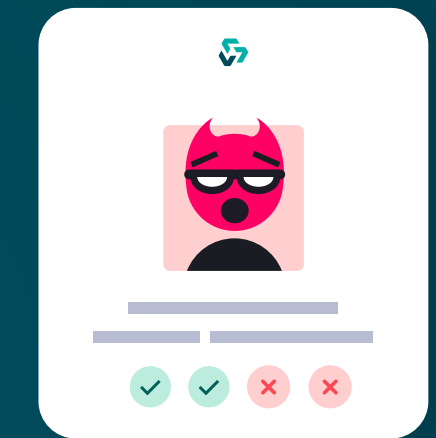
Liveness detection



Biometric analysis



Real-time user feedback



- ✔ A full-stack AML and KYC solution
- ✔ The largest language and identity document database in the game
- ✔ Biometric authentication, which negates the need for legacy 2-factor authentication

Myth Busting: Enhanced Compliance and IDV is out of reach



It's imperative for fintech companies in the current day and age to have the most intensive and well-rounded KYC checks, to keep regulators at bay and increase brand trust. Customer identity verification is extremely effective at meeting so many of the regulatory checks, minimizing fraud, and reducing human error.

Forrester Consulting conducted a commissioned Total Economic Impact™ (TEI) study on behalf of Veriff on the potential benefits of deploying Veriff's Identity Verification Platform, and the results had information regarding the return on investment in comprehensive identity verification with Veriff. The enterprise that Forrester interviewed was an investment platform with an annual revenue of \$1.5 billion.

Before the company came to use Veriff the issues it was facing were significant, but it highlighted both a lack of automation and scalability as well as insufficient regulatory procedures. The report notes that the company is a multinational financial services organization and it was struggling to meet many regulatory and compliance requirements. It was seeking out an automated and straightforward approach that also reduced fraud risks and human error.

Myth Busting: Enhanced Compliance and IDV is out of reach



The results of the Forrester study were significant and showed a 195% return on investment in Veriff's platform over three years. The study takes into account increased headcount and tools costs and the results are still eye-opening. In addition to the ROI, there was a 20% reduction in fraud risk, and on average 8 minutes saved on each identity verification session.

Veriff allowed for a greater level of compliance, while also providing a much better user experience which has proven to increase customer conversions significantly.

The organization noted several efficiencies due to the automated verification process, but most importantly that Veriff met rules and regulations on a global scale while taking the burden off the enterprise. Due to Veriff's industry-leading document database, language coverage, and seamless user-interface, Veriff was able to reduce fraud risks while keeping the company more in line with regulatory requirements.

Myth Busting: Enhanced Compliance and IDV is out of reach

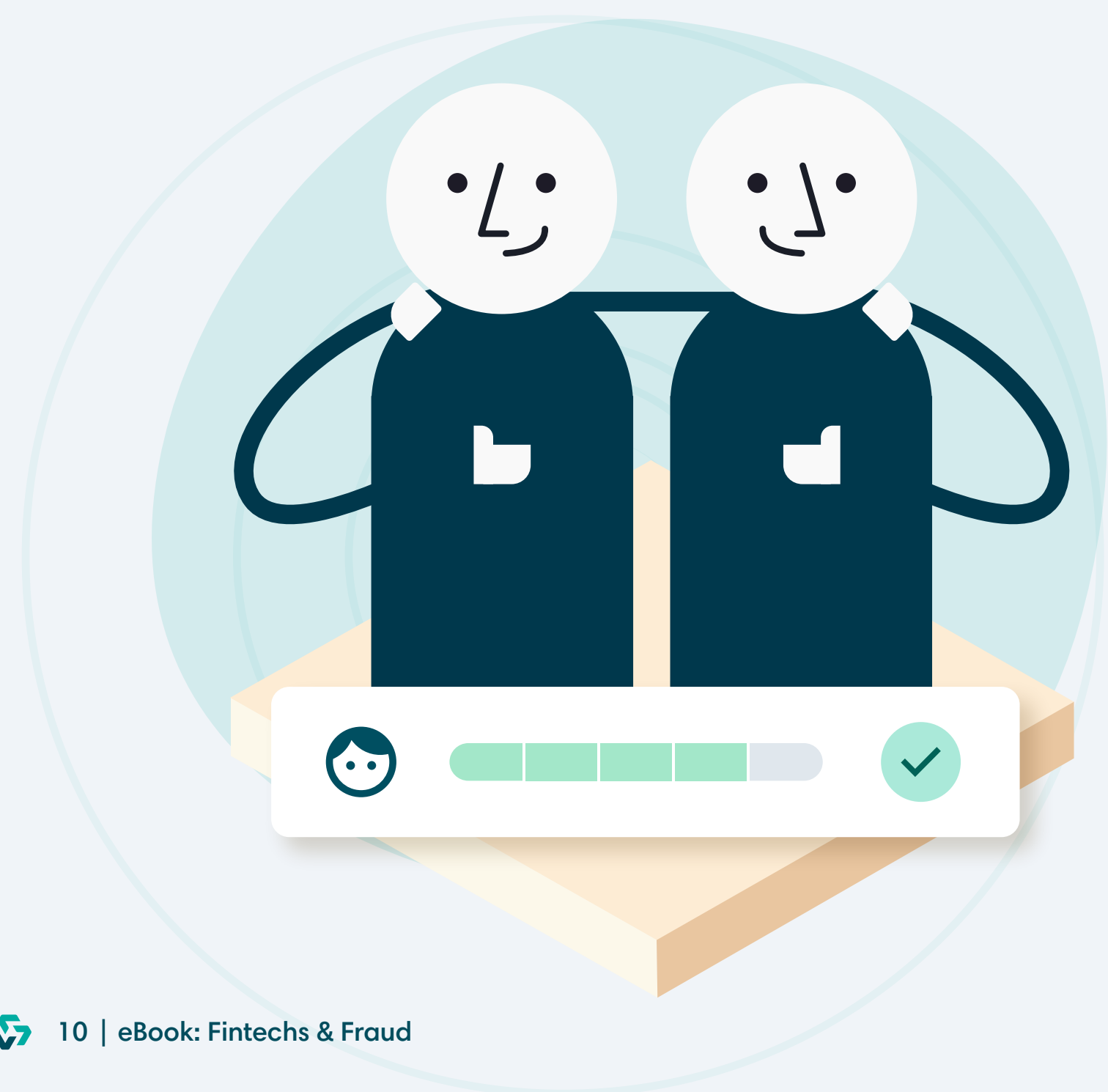


In addition to the quantified benefits seen, the enterprise also saw:

- ✔ Increased customer satisfaction
- ✔ Seamless integration with existing solutions
- ✔ Reduced risk of human error
- ✔ Improved employee experience

These results are not in a vacuum. Veriff has the technology and expertise to remove challenges in the way of financial institutions flourishing amid a more rigid regulatory environment. For more information about the Forrester study regarding the Total Economic Impact™ of Veriff, you can head to the [Veriff website](#).

The Big 3: Coverage, Compli- ance, Conversions

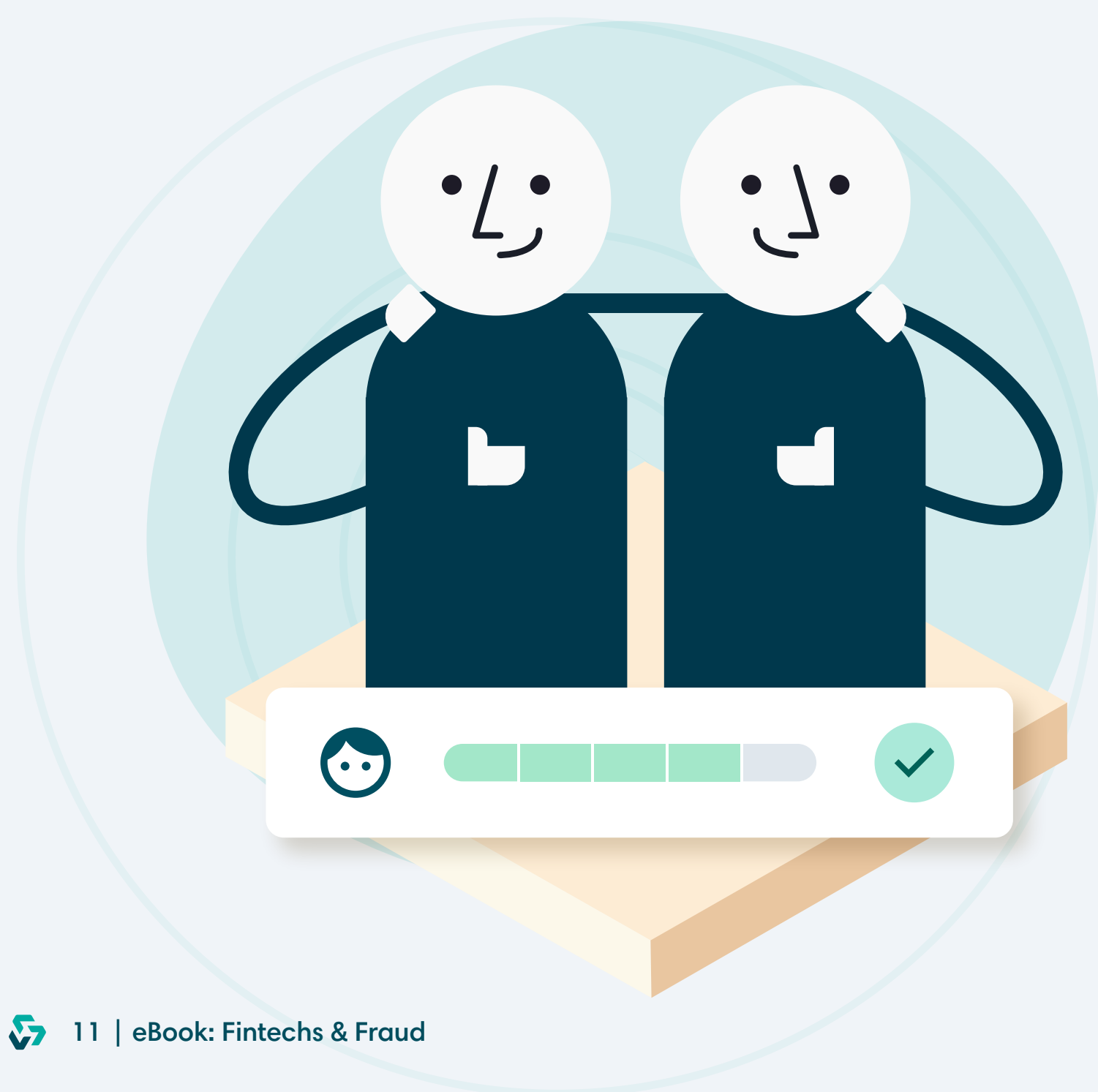


Global coverage is vital for complete and cohesive IDV to be accessible across the world. The pandemic has created a global push for online processes that previously were always in-person transactions; whether that be something as complicated as signing mortgage papers or as simple as boarding a plane. These problems are universal and in order for fintech companies to scale, they need to be able to offer global services. Veriff currently has the largest database of identity documents with over 10,000 documents, working in over 190 countries and in over 40 languages and dialects.

Veriff is able to help fight financial crime with our full-stack AML and KYC solution. The KYC process is important and necessary to most financial services providers, and helps these businesses avoid exposing themselves to fraud and anti-money laundering. Billions of dollars are lost each year when these processes are inefficient or not thorough enough. Enter Veriff.

With accurate, automated decision-making, Veriff stops bad actors from exploiting financial services, crypto companies and industries of all kinds. Beyond Veriff's identity verification processes, we also protect financial services providers with PEP and sanctions checks, adverse media screenings, and ongoing monitoring of possible

The Big 3: Coverage, Compli- ance, Conversions

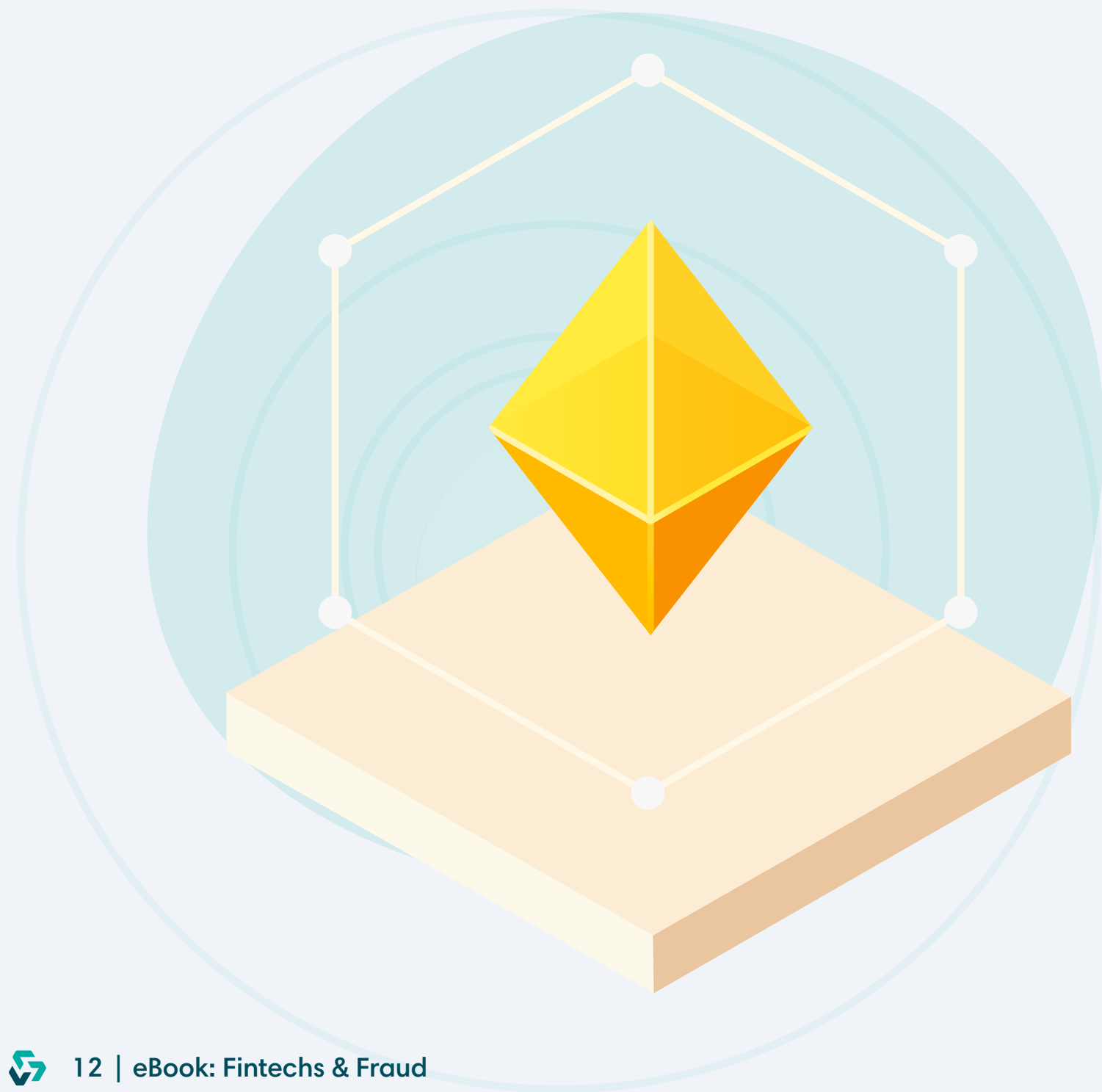


bad actors to keep these businesses and its customers safe. This coverage is updated in real-time and creates more confidence in any business's KYC process. Additionally, our screening process helps assess the potential AML risk exposure. This shows regulators that you take financial crime and compliance seriously.

Reports have found that the abandonment rate across all digital industries was as high as 79.17% in 2018, and that **over half of customers** applying for online financial services quit before completion. Abandonment is becoming detrimentally expensive quickly. Reasons for abandonment include a confusing and complicated user-flow, limited coverage for customers across the globe, lack of trust in handling sensitive identity documents, and other factors that instill a lack of trust in the company.

Veriff's goal is to always decrease user abandonment and make sure the onboarding process is as seamless as possible, saving businesses money and their customers time. Veriff's end-user flow uses Assisted Image Capture, which provides live feedback to users that makes sure they get verified on the first try. Veriff's systems consistently provide a 30% increase in customer conversions.

Veriff & Plutus: Making Crypto Spend- able Anywhere



The Plutus Solution

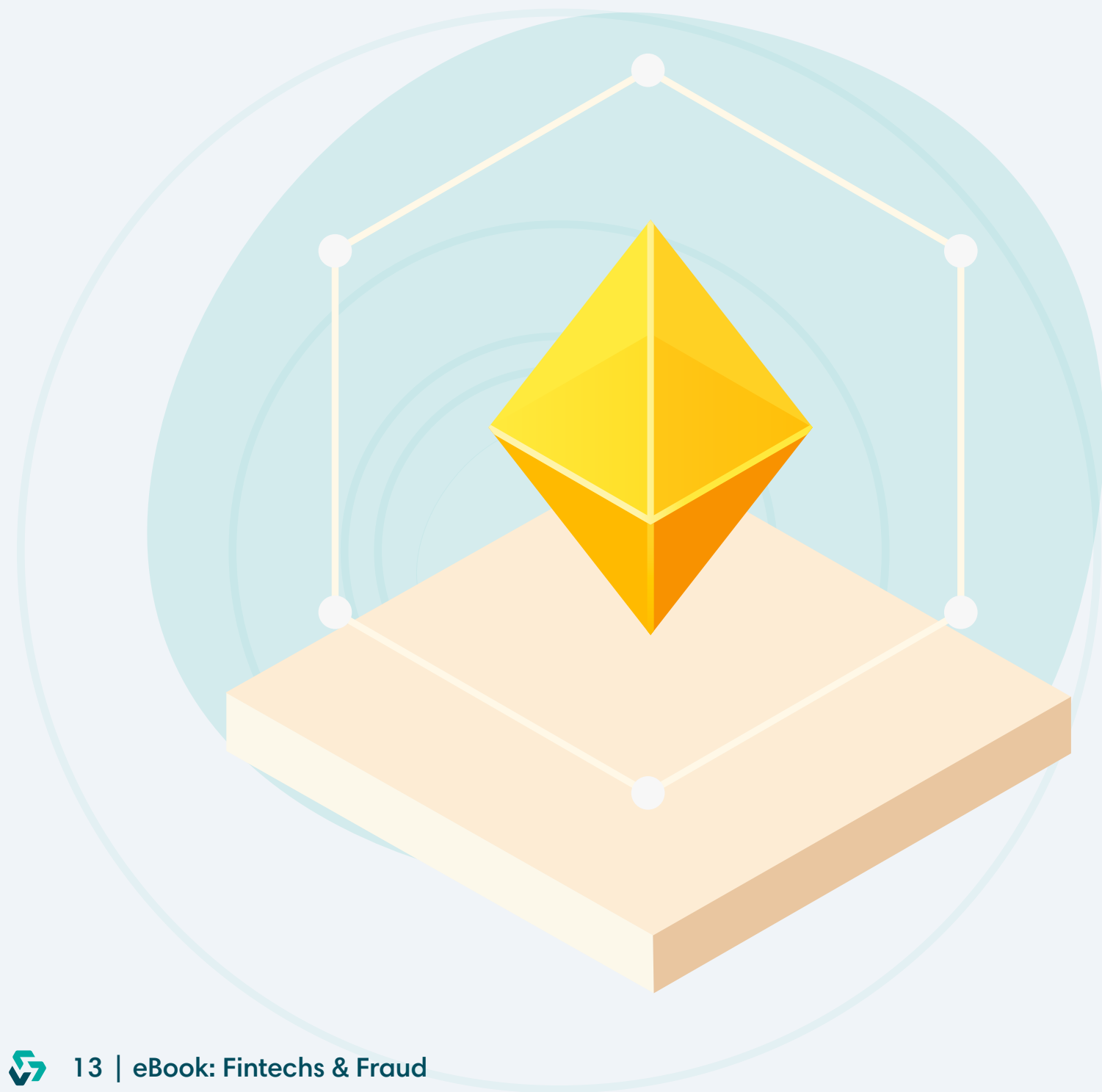
One of crypto's biggest problems with scaling is that it remains an investment tool rather than an everyday currency. Everyday retailers are still hesitant to accept cryptocurrency as payment, but Plutus is looking to solve this problem. It enables cryptocurrency to be spent anywhere in the world by combining a cryptocurrency wallet, an exchange, and a Visa debit card into one easy-to-use app.

Plutus has managed to combine upcoming cryptocurrencies with the traditional payment systems so that people can pay in crypto using a physical debit card at over 60+ million stores. Additionally, every time the user spends with their Plutus Card, they earn 3% cryptoback, making it one of the most rewarding cards on the market.

Where does Veriff come in?

Cryptocurrency companies need to be diligent about fraud, and ensure that their customers are who they say they are. Before coming to Veriff, Plutus was using another provider that didn't meet their needs when it came to preventing fraud and complying with regulators. Plutus' COO, Jasper Tay, told Veriff that when looking for IDV providers there are two things to look out for: ease-of-use and the security of user data.

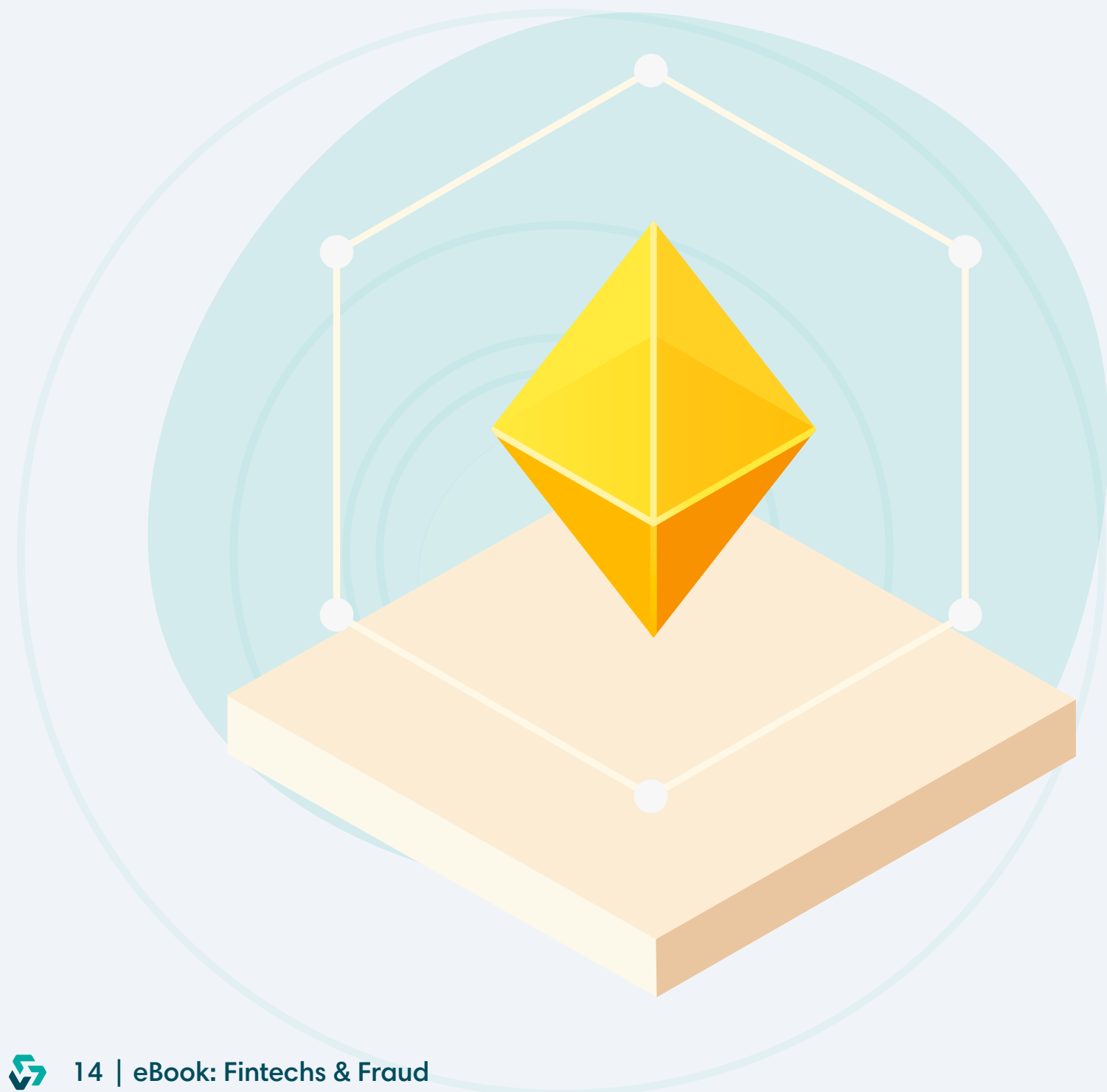
Veriff & Plutus: Making Crypto Spend- able Anywhere



Plutus needed a provider that was diligent in KYC checks, but didn't create any roadblocks for new and current customers. Veriff provides that service by using device, browser, and network fingerprinting, and other anti-fraud tools to keep crypto companies compliant in a fast-paced regulatory environment and a continuously adapting fraud ecosystem.

Additionally, Veriff has the largest database of identity documents with over 10,000 specimens that cover over 40 languages and dialects — allowing our partners to think globally as they scale. "Here at Plutus, we have plans to expand beyond our current regions of availability in the UK and Europe to include both Asia and Latin America," Plutus' COO Jasper Tay said. "The strengthened compliance offered by Veriff is a part of the necessary toolkit for enabling our international expansion."

Veriff & Plutus: Making Crypto Spend- able Anywhere



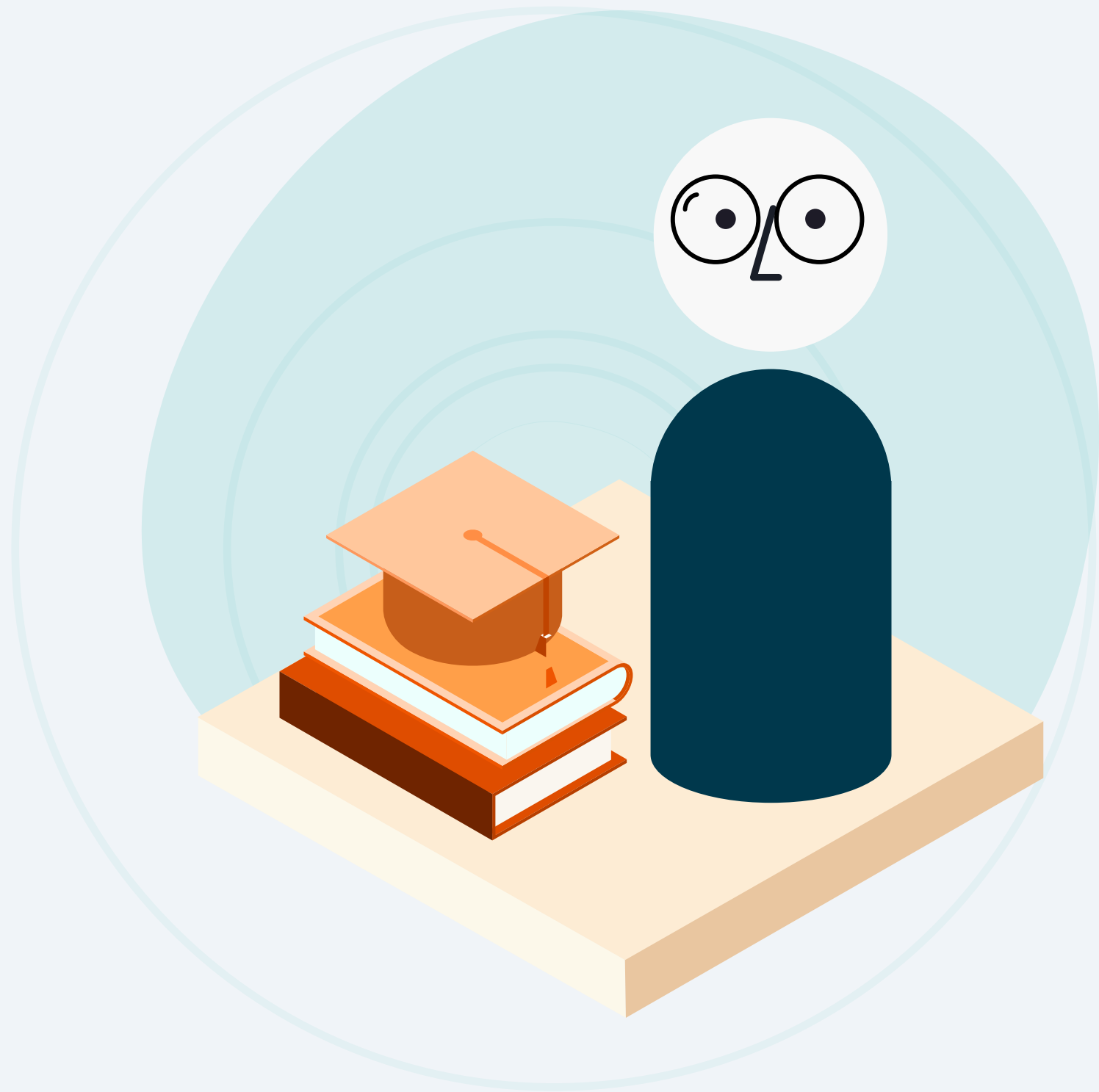
The Bottom Line

Fintechs need comprehensive KYC compliance without hurting customer conversions. Veriff's solution satisfies FINRA, SEC, and GDPR requirements, as well as enforce AMLD5 guidelines, while also increasing conversions by 30%. We have built-in safety nets that rely on a hybrid identity verification solution that allows for a human to make checks when automation is inconclusive without the need for a human to conduct the entire verification process. Veriff is the only solution that is prepared for all of fintech's needs.

Beyond the corporate bottom line, there is a necessary need for corporations to prioritize a safer internet. There are often misconceptions surrounding safeguarding certain business practices — that they could hurt revenues or drive away certain customers. But the reality is, by creating a secure and trustworthy place online, we are all safer.

Veriff's role in the IDV space is to make it easier for businesses to keep themselves and their customers safe from the current Wild Wild West that is the internet. For more information about Veriff, how we're helping fintechs, a deeper dive into compliance, or to talk to any number of our experts, head to our [website](#).

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