

GLOBALGATEWAY®

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**Digital identity  
verification: a catalyst  
for international  
expansion of  
financial services**

Trulioo®

The image shows a close-up, low-angle view of a modern skyscraper with a glass facade. The DBS logo, featuring a red star and the letters 'DBS', is prominently displayed on the upper part of the building. The sky is a soft, hazy pinkish-orange, suggesting a sunset or sunrise. The building's facade is composed of many small, rectangular glass panels, creating a grid-like pattern. The overall composition is clean and professional, with a focus on the DBS logo and the architectural details of the building.

# New growth opportunities for financial services

In today's global marketplace, there are many opportunities for companies to expand their business outside of their home countries. Demand for services such as international payments, foreign exchange, and remittance continue to grow as private sector businesses, non-profit organizations, and migrant workers all seek to move money across borders.

As the financial services industry becomes more strictly regulated, the need for tools that help businesses comply with Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and Know Your Customer (KYC) rules are more important than ever. Having robust customer due diligence systems in place is essential for any business with AML obligations. Traditional methods for identity checks are costly, time consuming and present a high security risk. Digital identity verification (IDV), the ability to instantly verify someone's identity using independent third-party sources, is a new compliance tool that opens doors for companies seeking to go beyond their borders.

## Regulatory compliance requirements for money service businesses (MSBs)

Remittance service providers, foreign exchange companies, and companies selling or cashing traveler's checks, checks, or money orders fall under the category of money service businesses (MSBs) for the purposes of AML and CTF regulations.<sup>4</sup> Not only are these businesses required by legal and compliance standards to truly know who they are doing business with, but adhering to AML and CTF rules is also good business practice. Compliance prevents MSBs from being subject to penalties and fines, in addition to protecting its business and customers from online fraud and financial crime. Moreover, performing due diligence establishes trust and confidence among their customer base.

### The rapid rise of remittance services

The flow of money sent by remittance to emerging markets is expected to reach \$540 billion by 2016, nearly double the amount transferred in 2009.<sup>1</sup> Remittances account for almost 15 percent of GDP in many countries.<sup>2</sup>

### Foreign exchange is a booming industry

Daily foreign exchange transactions total \$5.3 trillion — making it the world's largest and most active marketplace.<sup>3</sup>

<sup>1</sup>World Bank, *Migration and Remittance Flows: Recent Trends and Outlook, 2013-2016*, [http://www.unecce.org/fileadmin/DAM/stats/documents/ece/ces/ge.10/2013/mtg1/WB\\_Migration\\_and\\_Development\\_Brief\\_21.pdf](http://www.unecce.org/fileadmin/DAM/stats/documents/ece/ces/ge.10/2013/mtg1/WB_Migration_and_Development_Brief_21.pdf), October 2, 2013.

<sup>2</sup>SELA, *Migration and remittances in Latin America: Trends, best practices and development experiences*, [http://www.sela.org/attach/258/EDOCS/SRed/2014/06/T023600005919-0-DT\\_2\\_-\\_Las\\_migraciones\\_y\\_remasas\\_hacia\\_AL-INGLES.pdf](http://www.sela.org/attach/258/EDOCS/SRed/2014/06/T023600005919-0-DT_2_-_Las_migraciones_y_remasas_hacia_AL-INGLES.pdf), June 2014.

<sup>3</sup>The Economist Intelligence Unit, *Navigating the Waters of Foreign Exchange and International Payments*, [http://www.economistinsights.com/sites/default/files/Navigating%20the%20waters%20of%20foreign%20exchange%20and%20international%20payments\\_0.pdf](http://www.economistinsights.com/sites/default/files/Navigating%20the%20waters%20of%20foreign%20exchange%20and%20international%20payments_0.pdf), 2014.

<sup>4</sup>FATF, *Money Laundering through Money Remittance and Currency Exchange Providers*, <http://www.fatf-gafi.org/media/fatf/ML%20through%20Remittance%20and%20Currency%20Exchange%20Providers.pdf>, June 2010.

# Identity verification and international growth opportunities

Although regulatory oversight of financial systems has been stepped up over the past several years, the sheer volume of trade and commerce across borders make it a near-impossible task to detect fraudulent or suspect accounts, costing financial institutions billions in penalties. The financial world looks very different than it did a decade ago, let alone 40 years ago when most regulations were created. It's only reasonable that financial services companies fight online fraud and financial crime using today's data and technology-based solutions, such as IDV.

Overall, there are seven key ways that global IDV helps businesses to expand into new markets and drive growth opportunities, while effectively managing regulatory compliance when doing business in multiple jurisdictions:



## Wide range of data sources

When verifying identities, it is important to have access to hundreds of data sources, especially for businesses looking to grow beyond their borders. This ensures higher match rates, which means more reliable identity verification.

For the best verification results, the quality of the data sources is of utmost importance. An IDV service provider should use legitimate and trustworthy data sources such as credit bureaus, utilities and government records.



## Improve margins, drive revenue

Using IDV optimizes customer acquisition and allows for faster onboarding. Manual verifications are not only time-consuming but also costly, taking valuable resources away from other important tasks.

By reducing the need for manual verification, fewer customers will drop off due to interrupted transaction momentum, creating greater customer retention and ultimately generating more revenue.



## Custom rulesets for international compliance

In order to effectively do the job, a solution often needs to be tailored to fit the unique requirements of the business. This is especially true for identity verification.

An IDV solution that has the ability to customize verification rules can simplify the process of maintaining international compliance. Custom rulesets provide the flexibility and versatility needed by financial services companies seeking to grow and expand in new territories.



### Protect against identity theft and fraud

Fraud, both online and offline, is a growing problem in the financial services industry. As cyberattacks harvest greater amounts of personal information from businesses, we can expect to see more occurrences of identity theft and fraud.

Companies and their customers are protected from identity theft and fraud through IDV. Illegitimate accounts and suspicious transactions can be quickly detected and shut down, protecting customers' assets and the bottom line.



### Alternative cyber data for emerging markets

Many people in developing countries are unable to access financial services, often due to the lack of credit history that creates an identity footprint that can be used to verify their identities.

By using non-credit-based identity data, such as cyber ID data (CID), many underbanked and unbanked people can finally access financial services.<sup>5</sup> CID provides a digital footprint from sources, such as social networks, ad networks, mobile and eCommerce sites that can be used to verify someone's identity.



### Increase awareness and build trust

As a result of extensive media coverage, consumers have become very aware of identity theft and data breaches. Losses from cybercrime have reached record highs, and this trend is expected to continue for some time.

By using IDV, businesses show customers that they take security and fraud prevention seriously. Businesses that can prove that they have their customers' best interests at heart build confidence and trust.



### Cost-effective — reduce operational costs

Although IDV reduces costs by nearly eliminating the need for manual verification, not all IDV solutions are created equal. Businesses should look for the best value by evaluating pricing options.

Services that operate on a per-transaction model, where companies pay only for the number of IDV transactions that they use, are much more cost-effective than those that charge fixed monthly fees. Companies that perform high numbers of transactions should also look for volume discounts that offer the best value.

<sup>5</sup>NextBillion, Unlocking the Unbanked: How cyber ID data can advance financial inclusion and ecommerce in emerging markets, <http://nextbillion.net/Unlocking-the-Unbanked>, October 1, 2014.

## About Trulioo

Trulioo is a global identity verification company that provides advanced analytics from cyber and traditional data sources to verify online identities. The company's mission is to solve global problems associated with verifying identities online by powering fraud and compliance systems for hundreds of clients worldwide in an effort to increase trust and safety online. Trulioo GlobalGateway enables businesses to perform frictionless, on-demand instant identity verification for more than 5 billion people via hundreds of reliable, independent, global data sources — the widest coverage in the market. GlobalGateway helps businesses comply with AML and KYC identity verification needs, enabling businesses across the world to evaluate new and existing users through a single portal. For more information, visit [www.trulioo.com](http://www.trulioo.com).



To find out how GlobalGateway can help protect your business and clients while increasing customer satisfaction and revenue, email [sales@trulioo.com](mailto:sales@trulioo.com) or call **1.888.773.0179** to book an online demo.

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