REGTECH100

Profiles of the **REGTECH100**, the world's most innovative RegTech companies that every leader in the regulatory industry needs to know about in 2022
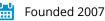
REGTECH ANALYST

FINTECH GLOBAL

REGTECH ANALYST

COMPANY RESEARCH PROFILE

Vneuron
RISK & COMPLIANCE

PRODUCT NAMES:
Reis™ Risk and Compliance Suite (RCS)

📅 Founded 2007

📍 Paris, France

🏠 www.vneuron.com

✉️ hello@vneuron.com

👥 Employees: 51-100

🌐 Regions of operation:
Europe, Middle East, Africa

KEY EMPLOYEES:

Mahmoud Mhiri
Co-founder and CEO

Ghassen Hamrouni
Co-founder and CTO

Value Chain: **Screening, Onboarding, Automation, Monitoring, Detection, Reporting, Processing & Control**
Subsectors: **Onboarding Verification (AML/KYC/CDD), Transaction Monitoring, Risk Management, Reporting, Identification/ Background checks, Transaction Screening, Real-Time Transaction Monitoring, FATCA Identification, and Reporting**
Regulation/Legislation: **KYC, AML, GDPR, 6AMLD, FATF**

🖥 OFFERING

Vneuron Risk & Compliance is a cloud-based RegTech offering a comprehensive AML solution to accommodate financial institutions in their compliance automation mission. Vneuron's AML compliance suite brings deep expertise and an unparalleled range of functionalities and customization capabilities. Vneuron's product offering covers the compliance requirements of banks, insurance companies, FinTechs, and other financial institutions with a modern and comprehensive platform.

💡 PROBLEM BEING SOLVED

- Reis™ Risk and Compliance Suite (RCS) takes away the dilemma of choosing between legacy and comprehensive compliance solutions and more innovative niche products with its modern full customer lifecycle risk management and AML platform.
- Reis™ RCS helps compliance teams control customer acquisition and operational costs.
- Reis™ RCS helps financial institutions reduce false positives by at least 80% thanks to its comprehensive NLP algorithms and embedded advanced analytics tools.

🔗 TECHNOLOGY

Reis™ RCS is an all-in-one AML technology. Through its integrated capabilities, Reis™ RCS brings an immediate response to financial institutions aiming to deploy a comprehensive, modern, and customizable AML solution. We don't believe in a one-size-fits-all approach, Reis supports both on-premise and cloud deployment with Auto-updating, Clustering, and Multi-Tenancy.

Distinguishing features:
- Seamless integration with major transactional systems
- Best of breed & future-proof technologies (Supported platforms: ARM, and x86-64).

ℹ️ PRODUCT DESCRIPTION

Reis™ Risk and Compliance Suite is a cloud-based and award-winning all-in-one platform bringing an immediate response to financial institutions' KYC and AML compliance requirements.

Reis™ RCS is a one-stop-shop for all AML controls adopted by renowned financial institutions worldwide as it offers a complete and robust AML compliance technology. The platform presents modular components to cover the following regulatory requirements and needs:

- **Reis™ KYC** automates customer onboarding and due diligence controls including sanction screening, real-time risk assessment, and classification for individuals and organizations including relations and UBOs.
- **Reis™ AML** runs inclusive transaction monitoring simultaneously on all available transactional systems. It allows suspicious and unusual behavior detection based on intelligent segmentation and artificial intelligence. It includes a native case management system and facilitates a collaborative investigation.
- **Reis™ TFS** for payment screening has adequate technology to filter swift payments and non-swift payments.
- **Reis™ GTC** for US person identification and FATCA reporting generation.

📈 TRACTION/GROWTH

- The company successfully has helped more than 100 customers in top-tier financial institutions so far across Europe, Africa, and the Middle East.
- Vneuron's clients include Banks, Insurance companies, Stock exchange brokers, Leasing companies, Asset managers, Private Equity, etc.
- Reis™ RCS platform screens daily more than 30 million customers and monitors annually $10bn worth of transactions.
- The company has established partnerships with some of the world's leading data providers including Dow Jones and Refinitiv where Reis™ RCS natively integrates their feeds.

A glimpse into the world of cyber money laundering

Making the case for a new AML approach.

Ghassen Hamrouni, CTO, Vneuron Risk and Compliance

The resurgence of money laundering and financial crimes in unregulated industries is yet another form of a never-ending cat and mouse game. Some recent events have drawn our attention to the extent of cyber money laundering activities and brought into question the current AML methods and tooling.

- According to the Independent, cybercriminals have been laundering money using Fortnite's in-game currency, V-bucks.
- Several Turkish Twitch streamers allegedly took part in a $10 million money laundering conspiracy. Following the Twitch data hack, which disclosed the platform's highest-paid streamers, the plan was exposed.
- In October 2019, it was discovered that all Counter-Strike microtransactions are being used for money laundering.

Why do cybercriminals resort to online video games for money laundering?

Part of their attractiveness stems from the fact that few people use their real identities when creating a game account. Anonymity offers an attractive feature for money launderers because they can hide their traces more easily behind a virtual persona. Certain online video games have convertible in-game virtual currencies that are exchangeable to fiat currencies. Others have nonconvertible currencies that can only be traded in-game. Historically, the first kind has been used by criminals to launder money, invest in in-game assets and properties and

then exchange the virtual currency for fiat one. It should be noted that this kind of trading is regulated and certain game developers are considered as money service providers subject to AML regulation. However, in all of the examples cited above, criminals were able to avoid the use of fiat currencies by using transactions that are untraceable in financial institutions' ledgers. And they used nonconvertible game currency to launder money using secondary grey markets.

In digital worlds, uncovering real identities behind the users and linking them to true identities is challenging due to the anonymous nature of the internet. Moreover, the use of hacked accounts blurs the line between the actions performed by a user and the real identity behind the persona and provides plausible deniability for criminals.

All of this begs the question, how do we detect and uncover financial cyber crime in virtual games?

Unlike real-world financial transactions, in digital economies the game servers record the behavior of each player in every detail. We have real-time data on every single microtransaction that has ever taken place, including every price and amount. Furthermore, all the transactions take place in the same trading system within the game making it possible to observe all the phases of the money laundering process. The total observability of in-game microtransactions allows real-time detection of known money laundering scenarios. The detection can be more efficient than in traditional financial systems, but it must be performed in real-time to allow the game developers to put an end to a money laundering operation promptly and using automated scripts.

Even though the identification of the individuals behind the criminal activities is not always possible, detecting and stopping money laundering operations is possible especially for schemes with known modus operandi. To draw a parallel with the cybersecurity methods for attribution, modern AML techniques should rely on characteristics such as the tactics, techniques, and procedures used by criminal organizations and use attributes like IP addresses, timestamps of activity to link seemingly unrelated game accounts.

Combating mushrooming cyber money laundering crimes requires a paradigm shift that moves away from traditional methods that require lengthy KYC forms, manual investigation and regulation. ●

How Vneuron is flying the flag in risk management and compliance for financial institutions

Anti-money laundering (AML) technologies have massively evolved in the past decade enabling companies to spot illegal transactions easily. Irrespective of the scale of the company, data gaps and potential biases must be accounted for when tackling money laundering and, financial services firms must ensure they deploy a user-friendly RegTech tool to fulfil the ever-growing regulatory compliances.

Vneuron
RISK & COMPLIANCE

With financial crime on the increase, detecting and mitigating fraud has become a priority for all financial services companies. Banks are increasingly looking at tools they can use to improve processes, use data more effectively and harness new technologies to enable better decision-making and reduce money laundering. And according to Vneuron Risk and Compliance executive partner Mahmoud Mhiri, while RegTech tools were just a 'nice to have in the past, more financial institutions are implementing technologies such as AI and ML to decide whether transactions are suspicious or not.

In today's environment, institutions have better access to advanced technology so as to analyze big data, both structured and unstructured. As a result,

companies offering technological tools can improve the speed, quality, and efficiency of measures to combat money laundering and terrorist financing while also helping financial institutions assess these risks in ways that are more accurate, timely, and comprehensive. Mhiri said, "It's important that financial institutions fight against financial crimes, take advantage of all the data they have. There's no doubt that modern tech tools will drive the future of combating financial crime, irrespective of the system you are using."

Companies dragging their feet with RegTech tools

While embracing technological innovation to stop financial criminals in their tracks is a no-brainer, some of the key challenges hindering compliance efforts include the use of legacy systems. In a report, the FATF attributed "complexities and costs involved in replacing or updating legacy systems" as the key concerns which make it challenging to exploit the potential of innovative approaches to AML/CFT for both industry and government.

For the industry, the "cost-benefit analysis to adopt new technologies continues to be an obstacle to greater uptake of innovative solutions for AML/CFT, based in part on a real or perceived lack of regulatory incentives to pursue innovation," the report said. Moreover, while the use of RegTech is "highly encouraged, manual reviews and human input remains significant nonetheless," it said.
In addition, until recently, Mhiri said, "the tools companies including banks and FinTechs were using for fulfilling their compliance obligations were not collaboration-oriented and they did not include the operational efficiency dimension in the process."
He said AI is the future of efficient AML, irrespective of the system you are using and no cost is too

high to pay to prevent financial crime. And that's when Vneuron Risk and Compliance, the spin-off of technology provider Vneuron was born.

Going beyond ticking boxes

There's no doubt that companies will inevitably require tech tools such as Vneuron Risk and Compliance to stay on top of their compliance game. The sheer scale of the risks financial institutions face from illicit players is immense. It is estimated money laundering costs the UK over £100bn a year, according to data from the National Crime Agency. This is just a small part of the criminal activity that plagues the financial sector. As Mhiri said, "It is not just about ticking checkboxes but it's about promoting sustainable and healthy financial systems across the world. While for some, it might be a social responsibility to go after the bad actors, reduce financial fraud, and prevent crimes related to smuggling, human trafficking, corruption, cybercrime, and bribery, for many it's still about the risk of hefty regulatory fines."

Another key road bump is companies still relying on legacy systems. Mhiri said, "There is a huge range of different AML solution providers promising to help companies with compliance. However, financial institutions and even FinTechs find themselves picking a legacy system, which is usually a comprehensive platform but far from user friendly and complex to integrate with new banking and financial services systems." This is where the attitude needs to change by a complete 180 degrees. He added, "The way to tackle this is by addressing what exactly is it that you want, have a very deep assessment of which regulation you are subject to and what are the controls that they should do."

Furthermore, the starting point to prevent money laundering and put the right kind of control barriers in place is by leveraging customizable tools which allow financial institutions to have a compliance system that fits its organization and they do not have to complement them by additional work or case management system for customer onboarding, or alerts processing, etc, Mhiri said.

It's important to include all the KYC data that you have about your customer when doing customer profiling for suspicious activity detection "because a transaction could be relevant for some type of customer but could be very suspicious and unlikely to happen for another," Mhiri detailed. Companies must combine all the data they have about the customer in our AML program to be able to contextualize their behavior regarding their bio, professional activity, location, etc to get the correct diagnosis.

Mhiri believes the rising awareness around AML is pushing financial companies to regard this as important with respect to their social responsibility. He continued, "We live in a world where there is a lot of disparity in terms of maturity levels regarding

compliance and anti-money laundering processes. While financial institutions in western countries have strong AML programmes and policies and platforms, companies in emerging markets have still not used an AML platform. And that's where we aim to transform the market."

How companies can cut time and costs using Vneuron

As your business grows, your compliance software can grow with it. The effectiveness of an anti-money laundering and terrorism financing system is strongly correlated with the effectiveness of the various processes that make it up. Ongoing monitoring, real-time supervision, immediate verification, and other online checks constitute the primary bricks for an effective compliance management mission. However, these practices could not be applied unless the necessary digital tools are available and at the disposal of the AML/CFT compliance managers.

The Vneuron Risk and Compliance platform is a one-stop solution and covers the entire spectrum of regulatory risks for financial institutions. Mhiri explained, "We created the platform with a suite of risk and compliance tools built by a team of anti-money laundering experts."

The main USP is that users can make changes to the way that features and interfaces work without any coding. "Our vision is to ensure modern and comprehensive technology to transform the burden of AML duties into an efficient and streamlined process with no pain at all," Mhiri said. He claimed that thanks to Vneuron's 360 view and machine learning-based transaction detection, its customers were able to reduce by 80% the number of false positives.

Indeed, anti-money laundering best practices and regulation has been evolving every year since 2000, stretching to new domains and to new areas. AML providers and regulations are just trying to catch up on the delay they had on the development of such types of financial transactions. Therefore, it is our duty, as Mhiri said, "to halt financial crime and protect financial institution reputation with the adequate features and technologies." •

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