

THE "X" FACTOR: Why KYC Isn't Enough



A Guide to Leveraging the Jumio KYX Platform
from Onboarding to Ongoing Monitoring



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Fighting Fraud and Financial Crime Doesn't End at Onboarding

Most companies have heard of Know Your Customer (KYC) – it means you have to ensure your customers are who they say they are. But if you think your regulatory requirements stop at onboarding: think again. Your firm is responsible for preventing fraud and financial crimes throughout the **entire customer journey**.

Traditionally, financial institutions would need over a dozen solutions to verify the user's identity, check their ID and supporting documentation, authenticate them on subsequent visits, perform ongoing screening to make sure they're not on watchlists, monitor their transactions, manage investigations and report suspicious activity. This approach is complex, inefficient, expensive – and often simply doesn't work.

This is why Jumio created the KYX Platform. Whatever the "X" is in your business – customers, patients, gamers, students, etc. – Jumio KYX is the answer. It offers a suite of AI-powered solutions to help you fight fraud and financial crime, meet KYC/AML compliance and instill trust in your online ecosystems, all while delivering a remarkably simple user experience.



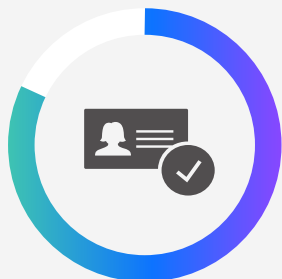
Let's take a closer look at how Jumio KYX solves your compliance challenges through the various phases of the customer journey.



Onboarding

Onboarding is what most people think of when they hear KYC. Banks and other financial institutions, including credit card companies, insurance agencies, crypto exchanges and even online gaming sites are required to go through a number of identity proofing steps in order to ensure their customers are not involved with corruption, bribery or money laundering.

But the need for KYC-type identity proofing goes well beyond financial services. Healthcare organizations need to know their patients so they can reliably deliver telemedicine and prevent prescription fraud. Gig economy companies often need to verify their drivers as well as customers as a matter of trust and safety. Online dating sites increasingly have to verify the identities and ages of their users in order to protect them from harm and online fraud. In fact, it's hard to think of any modern enterprise that isn't seeking a higher assurance related to the identity of their online customers, given the sharp rise in new account fraud, identity theft and account takeovers.



“By 2022, 80% of organizations will be using document-centric identity proofing as part of their onboarding workflows, which is an increase from approximately 30% today.”

2020 GARTNER MARKET GUIDE FOR IDENTITY PROOFING AND AFFIRMATION

Furthermore, firms can't rely on the standard fraud signals anymore. Your KYX solution must look at a variety of factors to catch fraud. Does the person's ID say they live in New York but their IP address indicates they're in Russia? Is their stated home address actually a liquor store? Did they just create this email address a few days ago? Is their selfie actually a live person or did they just hold up a photo in front of the camera?

Jumio's powerful onboarding solutions help companies in all domains prevent fraud by harnessing the most advanced anti-fraud technologies.

Jumio ID Verification

lets you verify photo IDs in real time as part of your onboarding process. Your users simply take a photo of their ID, and within seconds Jumio's advanced technology gives you a yes/no answer.

Jumio Identity Verification

goes a step further and has your users take a selfie to ensure they are the person represented by their photo ID. Liveness detection ensures they're physically present when taking a selfie of their actual face, not of a photo.

Jumio Go

is similar to Jumio Identity Verification, but the entire experience is fully automated and powered exclusively by AI. This results in faster verifications, but it is less accurate than Jumio Identity Verification, which uses a hybrid model that combines AI with human review.

Jumio Video Verification

allows businesses that need maximum fraud prevention to verify customers through live video interviews.

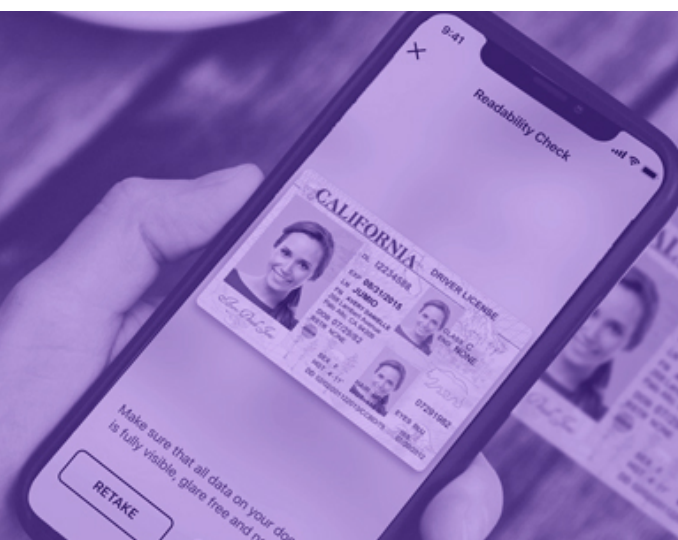
Jumio Document Verification

allows your users to take pictures of utility bills, bank statements and other secondary documentation required for proof of address. It extracts the data for you, optionally masking sensitive data such as credit card numbers before passing it along for your review.

Jumio Screening

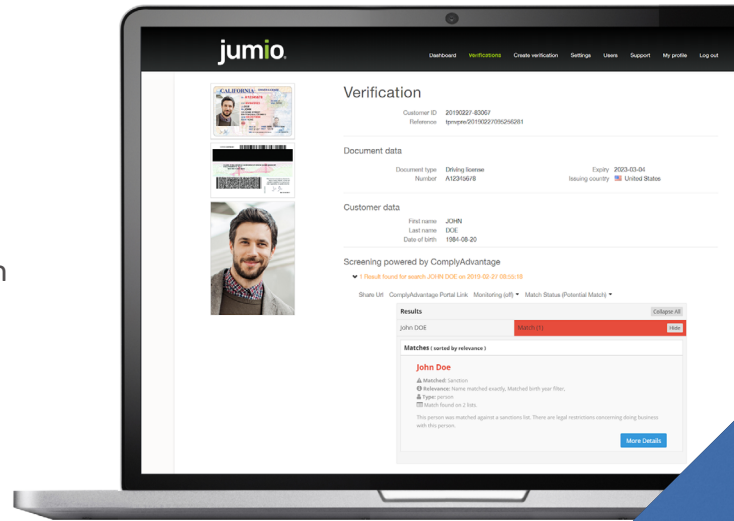
helps ensure that you don't do business with people who are on watchlists, such as politically exposed persons (PEPs), and those on sanctions or adverse media lists.

These solutions help ensure your new customers are legitimate so you can develop a long and prosperous relationship with them. But compliance doesn't stop there.

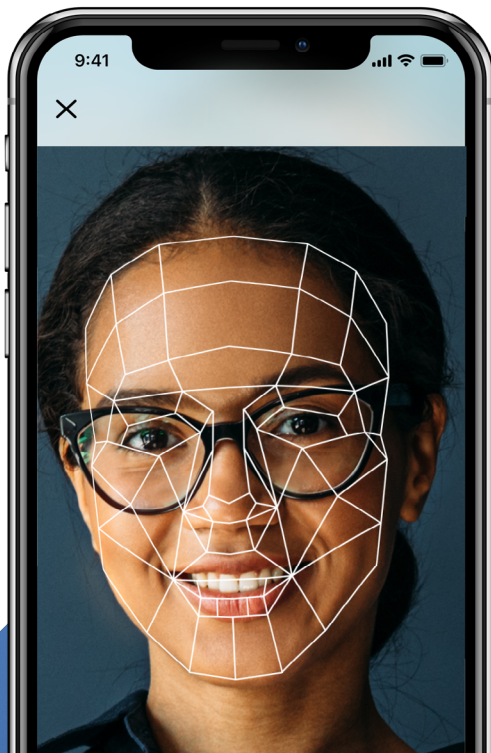


Ongoing Customer Due Diligence

After you've onboarded your customers, the compliance journey has just begun. You need to make sure your customers remain trustworthy and that they don't use your business for financial crimes such as money laundering. They weren't on any watchlists when they signed up with your company, but what about a year from now? Three years from now? You can continue to use **Jumio Screening** to periodically review your customers and make sure they haven't ended up on any watchlists since you onboarded them.



In addition, you can use **Jumio Authentication** to protect against account takeovers with biometric-based authentication. It works by capturing a fresh selfie, creating a biometric template of the user's face and comparing that template to the original template captured during onboarding, unlocking the user's digital identity in seconds. This approach is more reliable than passwords, KBA and even SMS-based two-factor authentication, which are vulnerable to credential stuffing, impersonation fraud and man-in-the-middle exploits.



Transaction Monitoring

Once your customers are onboarded and start posting financial transactions, transaction monitoring looks at patterns to spot suspicious activity. This phase is at the heart of anti-money laundering (AML) efforts.

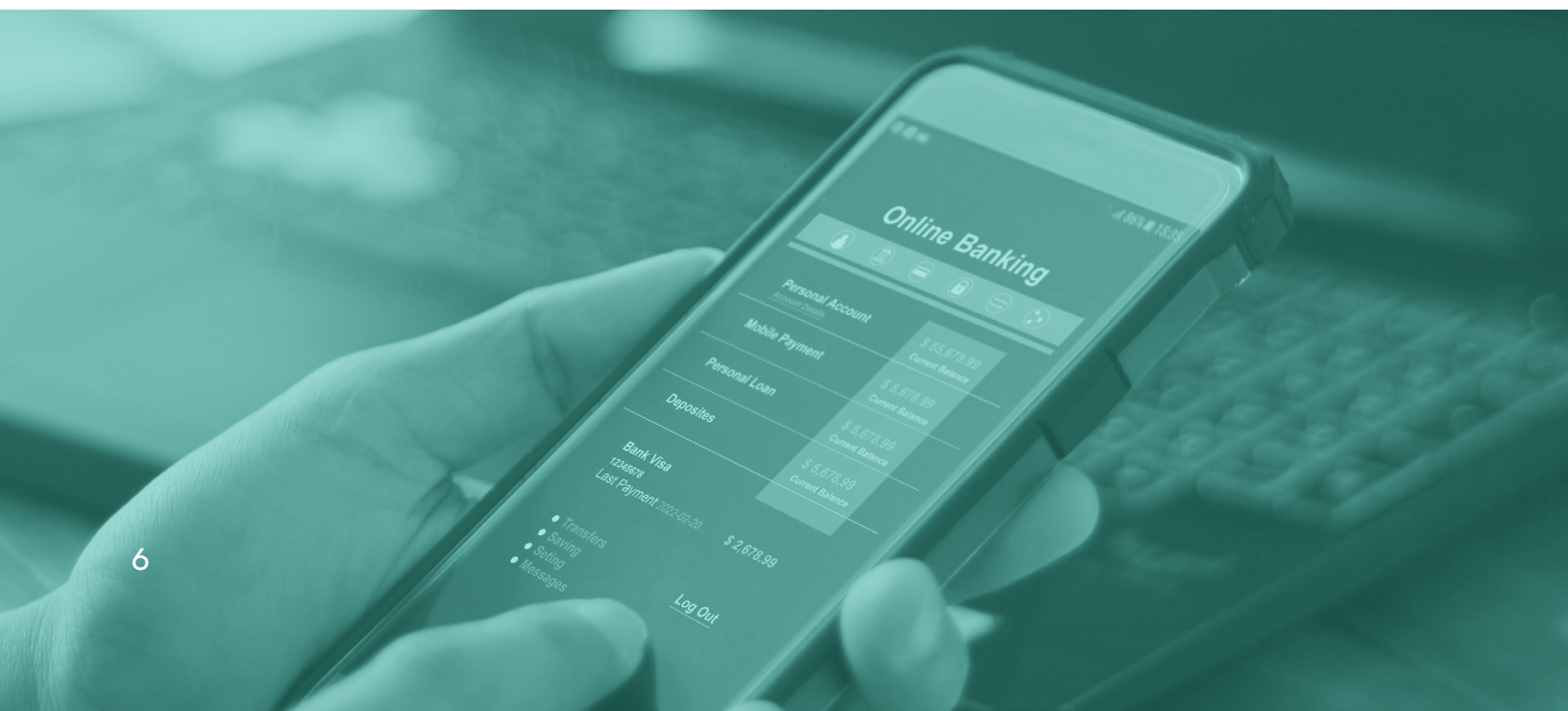
Jumio Transaction Monitoring looks at historical/current customer information and interactions to provide a complete picture of customer activity. In addition to traditional transaction types like deposits, withdrawals and wire transfers, it includes P2P transfers, currency exchanges and even profile updates such as address changes.

Jumio's AML experts have created a library of rules to detect suspicious activity, or you can tailor custom-built rules to your business needs. The system uses machine learning to refine these rules and dramatically reduce false positives, which is critical to the success of your compliance program.



Are we really a target for money laundering?

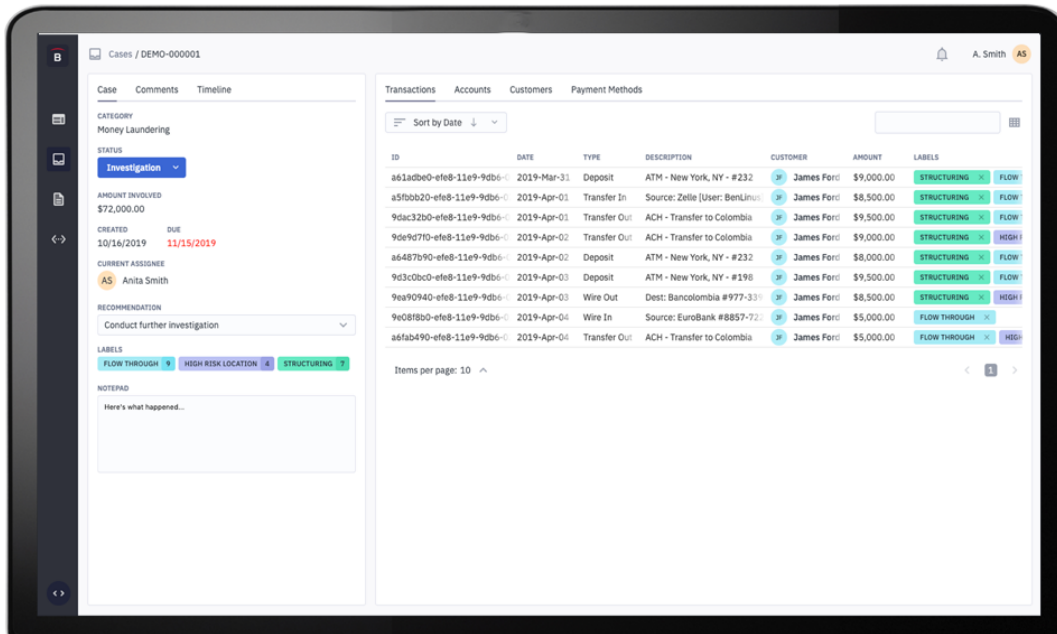
Any company that allows people to exchange money, whether fiat or crypto currency, is a potential vehicle for money laundering. So even if your company makes video games, if there's a marketplace where gamers can buy and sell game-related objects, you're creating a forum that money launderers can exploit.



Case Management and Investigation

AML laws state that when suspicious transactions occur, the financial institution must act quickly to investigate. But false positives plague the compliance industry, and your team must be able to easily investigate each case with deep insights into your data so that they can resolve cases quickly and efficiently. It's not enough to show the suspicious transactions – analysts must be able to quickly identify related parties, transactions, accounts and payment sources to follow the money trail. A powerful investigation management tool explains why the transactions were flagged and helps analysts connect the dots.

The **Jumio Investigation Manager** tool allows you to review cases generated from both inside and outside of Jumio's detection solutions. It lets you review issues, perform a thorough investigation, document your findings, make a recommendation, advance through a workflow, perform regulatory filings such as Suspicious Activity Reports (SARs) and ultimately resolve/close the case. Best of all, as you work through cases, the system learns from your actions in a feedback loop that refines your rules to become more and more accurate for your specific business cases.



Regulatory Reporting and Filing

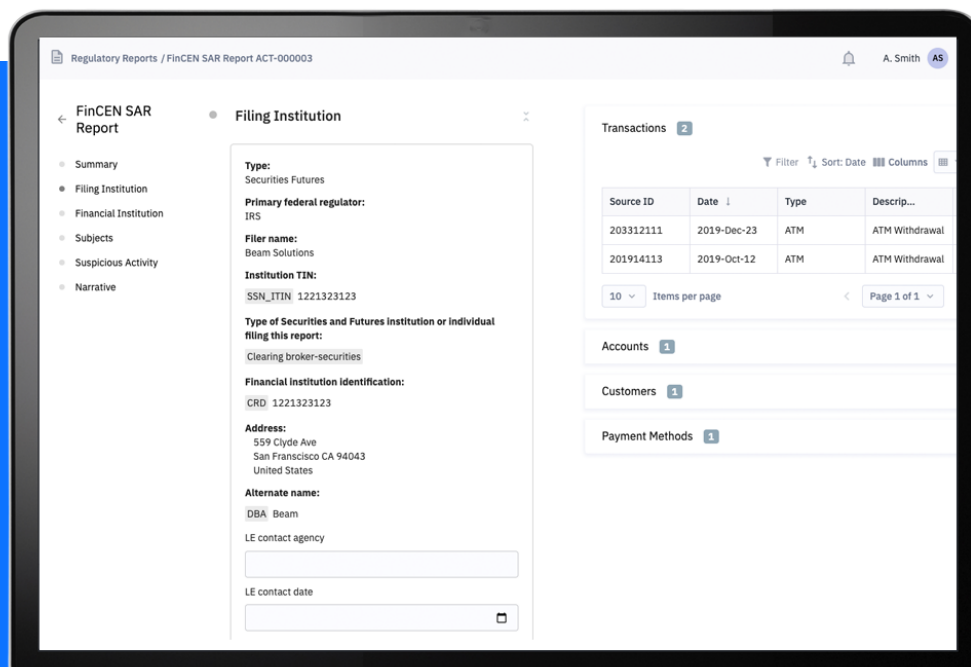
Once the investigation is complete, it's time to file a report with the relevant authorities, such as filing a FinCEN SAR in the U.S.. But these reports are notoriously complex and time-consuming to fill out. In particular, the narrative section requires the compliance analyst to tell the story of the case and include certain elements, making it a highly error-prone part of the reporting process.

The **Jumio Investigation Manager** tool provides critical time savers for busy compliance teams. It auto-populates the reports with data already captured during the investigation. And it builds a rough narrative for you to use as a starting point, leading to greater consistency and accuracy across all your reports. It can even electronically file your SARs directly with FinCEN, making your filing officer's job so much easier.



What if we're not a bank?

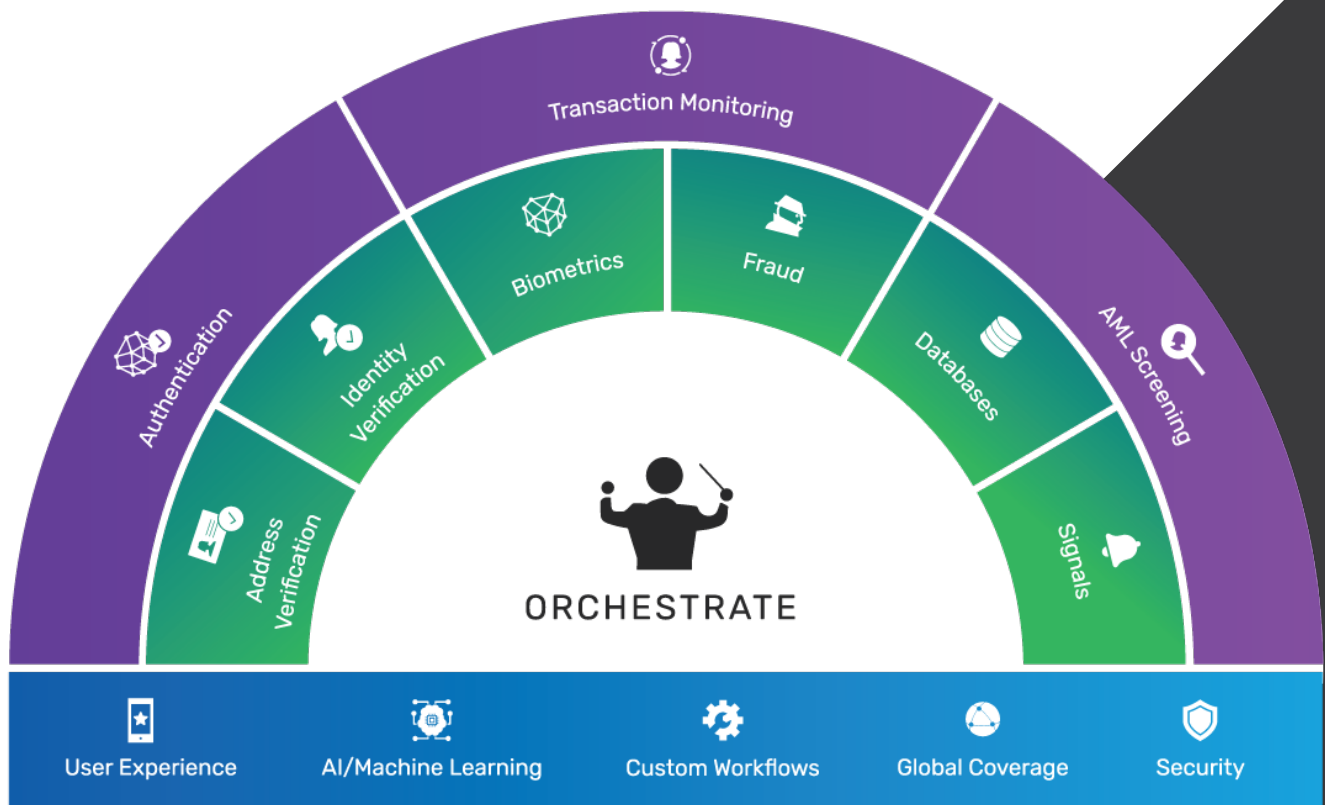
If you're a fintech working with a sponsor bank, you still need to generate user activity reports (UARs) to report any suspicious activity to your sponsor bank, who will then perform their own investigation and file with the appropriate regulatory agency as needed.



The Power of Orchestration

You've now seen the full customer journey and how Jumio KYX addresses each stage. But what really supercharges our platform is its orchestration capabilities, which enable modern organizations to define the workflow of the identity proofing process. As Gartner notes: "Simply ingesting risk signals all at once from multiple sources to arrive at a consolidated decision does not constitute orchestration." By connecting to multiple services and corroborating the results, Jumio's KYX Platform gives you the most accurate and complete picture of your customers and their behavior. Our platform lets you pick and choose the order of operations and create an orchestrated workflow with a more holistic user experience that's based on your specific use case, risk tolerance and budget.

The Jumio KYX Platform



Summary

Fraud and financial crimes have evolved, and KYC is now just one piece of the puzzle. Instead of looking for separate solutions for KYC, AML, transaction monitoring, fraud detection, case management, etc., smart companies are embracing KYX to streamline the entire compliance process.

Jumio invented KYX, creating the first complete end-to-end compliance platform. Our platform was designed by a world-class team of data scientists, regulatory experts, software developers, security specialists and solutions engineers who guide you every step of the way. We have the experience to ensure your compliance program will be successful, and we treat each customer as a partner, not a paycheck.



Contact us for more information on how Jumio can transform compliance in your organization.

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