



Frank Morisano

OPENING GENERAL SESSION

▾ Managing Money Laundering Risks In Digital Payments How's Your Onboarding Process?

THE AMLFC INSTITUTE HYBRID CONFERENCE

02 April, 2025

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The background features a blurred image of a person's hand holding a smartphone. Overlaid on this is a semi-transparent red banner containing white text. Various financial and security-related icons are scattered across the background, including a target, a stack of money, a padlock, a hand, a building, and a person at a desk.

"Digital finance is a money-launderer's dream. Cutting-edge technology is becoming the handmaiden of organized crime, helping the world's most dangerous crooks move and hide ill-gotten gains."

Geoff White, The Economist, 2024



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PAYMENT SERVICES

In 2024, the total value of digital payment transactions worldwide reached USD 8.5 trillion

Money laundering disguises the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses.

As the volume of transactions and payments have increasingly digitized, this has given rise to new types of money laundering.



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Facilitating Transactions

They provide the infrastructure for businesses to accept multiple forms of payment, enhancing the customer experience and expanding market reach



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MONEY LAUNDERING

Why is it Significant?

- Money laundering undermines the integrity of financial systems by allowing illicit funds to enter and circulate within the economy.
- Digital payment firms must adhere to stringent AML regulations to avoid legal penalties and maintain their operating licenses.
- Involvement in money laundering activities can severely damage a firm's reputation, leading to loss of customer trust and business opportunities.
- Large-scale money laundering can distort economic data and affect market stability, leading to broader economic consequences.
- Money laundering is often linked to terrorism financing, which poses a threat to national and global security.



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MONEY LAUNDERING IN PAYMENTS



Micro laundering:

Type of money laundering that involves much smaller transactions. Criminals follow the same three stages involved in money laundering — placement, layering and integration — but on a smaller scale, using microtransactions.



Identify Theft:

Fraud in digital transactions is increasingly vulnerable to attacks from 21st century cyber fraudsters using sophisticated tactics and tools that have been democratized by artificial intelligence (AI) to perpetuate identity theft, unauthorized transactions, and data breaches.



Money Mules:

Money mules add layers of distance between crime victims and criminals making it harder for law enforcement to accurately trace money trails. They move funds through bank accounts, cashier's checks, virtual currency, prepaid debit cards, or MSBs.



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BLOCK

A \$55 million civil money penalty as well as refunding and paying other redress to consumers up to \$120 million.

Block failed to provide effective customer service for Cash App users, including the lack of live telephone agents leading to fake customer service lines where consumers' information was stolen. Block did not take timely and effective measures to prevent, detect, limit, and address fraud on the Cash App platform allowing fraud to proliferate.

PAYONEER

A \$1.4 million civil money penalty and a requirement to Implement a robust OFAC compliance program to prevent future violations.

The investigation revealed that Payoneer's OFAC compliance program was inadequate, failing to prevent transactions with sanctioned entities and individuals. In violation of OFAC guidelines.



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LIBERTY RESERVE

Digital currency service based in Costa Rica that was shut down in 2013. It was accused of laundering over \$6 billion in criminal proceeds.

The case highlighted the vulnerabilities in digital payment systems and led to increased regulatory scrutiny and enforcement actions against similar platforms.

ONECOIN

Cryptocurrency scam that operated as a Ponzi scheme. It is estimated to have defrauded investors of over \$4 billion.

The case underscored the risks associated with digital currencies and the importance of robust AML measures in the cryptocurrency space.



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WIRECARD

German payment processor, was involved in a massive fraud and money laundering scandal. The company falsely reported having €1.9 billion that did not exist.

The scandal led to the insolvency of Wirecard and significant regulatory changes in the financial technology sector.

BTC-E

Cryptocurrency exchange that was shut down in 2017 for facilitating money laundering. It was linked to the laundering of funds from the Mt. Gox hack.

The case highlighted the need for stricter AML regulations for cryptocurrency exchanges and increased international cooperation in combating financial crime.



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KNOW YOUR CUSTOMER (KYC)

Three Stages

KYC includes risk-based procedures to verify identity to the extent reasonable and practical. It helps a financial institution to establish a baseline for onboarding a customer and set forth ongoing monitoring while using a product or platform.

In doing so, it stops bad actors from hiding the illicit source of their money behind legitimate financial activity.



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Submit Documents

We need to verify your information.
Please submit the documents below to
process your application.



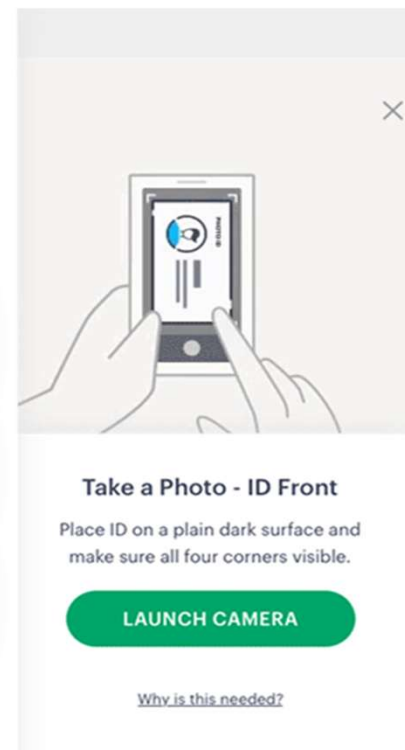
Photo ID



Bank Statement



Utility Bills



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THANK YOU ALL!

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