

Novatti Group opens new markets by deploying ThetaRay AI-powered AML

Novatti

Executive Summary

Novatti Group, a leading payments company enables businesses to pay and be paid, from any device, anywhere. Publicly listed on the Australian Stock Exchange since 2015, they are considered a pioneer for introducing Chinese wallets like Alipay and WeChat to Australia.

The payment services provider (PSP) currently serves 55+ countries with products and services for acquiring, banking, billing, issuing, processing, cross-border transfers and cash vouchers.

Watch video [here](#)

To keep up with the innovative high growth of its business, Novatti sought out a holistic transaction monitoring solution that would cover new risks in a timely manner.

Project Scope: Proof Of Concept (POC)

Novatti Group's focus was on expanding its relationships and adding new financial services, both for its domestic and cross-border product lines. The PSP needed to meet requirements from different global regulators and financial institutions.

The compliance team was looking for a solution that would not only deliver a comprehensive risk model but also be easy for their compliance team to use, all while enabling fast implementation.

Objectives

The compliance team intended to deploy an AI solution with an unmatched ability to recognize anomalies and find unknowns outside of normal behavior. It hoped this would deliver an unparalleled low false positive rate.

After a careful audit of the market, Novatti implemented ThetaRay Transaction Monitoring, a solution that leverages proprietary unsupervised and semi-supervised machine learning to avoid human bias.

ThetaRay was asked to focus on two key areas of concern for Novatti:

- As Novatti Group continued their expansion in jurisdictions across Southeast Asia, particularly the Philippines and Indonesia, analysts noted rogue players using new and innovative ways to exploit payment systems. Patterns of illegal activity on digital platforms were evolving and Novatti was struggling to maintain compliance across these jurisdictions.
- Novatti Group's current anti-money laundering (AML) process was highly manually orientated. Their in-house rules-based system resulted in significant operational costs due to the high number of alerts and false positives produced.
- As a result, the system delivered low risk coverage with limited ability to detect complex financial crimes

Having achieved considerable growth from \$500 million to \$2 billion revenue, Novatti Group recognised their traditional AML approach was no longer sustainable.

Results

ThetaRay Transaction Monitoring solution effectively identified and flagged previously undetected suspicious activity. The ability of the machine learning solution to provide a detailed trail of alerts allowed Novatti Group to file high-quality reports proactively and efficiently to regulators. The deployment of ThetaRay's technology enabled Novatti Group to confidently enter high-risk markets while improving detection rates and reducing false positive alerts.

“AI has had a massive impact on our business. It made me sleep a little bit easier at night.”

Evangelia Pefkou,
Group GM or Risk, Legal Compliance, Novati Group



Enabled Fast Scaling to Expanded jurisdictions

Since implementation, Novatti Group added 16 more jurisdictions to their business network while effectively managing risk associated with new geographies and regulations.



Provided a Holistic risk approach

ThetaRay provided a holistic approach to transaction monitoring and treatment of risk factors. The solution was able to help identify unknown patterns of money laundering, terrorist financing, and an array of other risks to the PSP's business, providing greater confidence for Novatti Group to enter into markets that they considered high risk.



Operational savings

Within a year of deployment, due to the reduced false positives, the current compliance team was able to manage growth to new jurisdictions. Similarly, analysts were able to dedicate time to treat and mitigate high risks associated with future products.

“A single fine from a regulatory authority can actually put you out of business. We were actually staggered by the amount of threats that were posed to us but at the same time provided us with more confidence”

Evangelia Pefkou,
Group GM or Risk, Legal Compliance, Novati Group