OSS FRM

Greg McCormick, Sybrin, 25+ years delivering
Banking and Insurance Solutions

First a thank you

Thank you for the warm welcome to the Mojaloop community.

We've only managed to do a little bit so far.

- Performance, a bit of Cross Border

- Jointly completed a proposal with ModusBox and others for the Central Bank of Myanmar – Thank you ModusBox for inviting us to respond with you.
    - Fraud
    - Dispute Management

Sybrin completed its membership for the Mojaloop Foundation.

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Why OSS Fraud Risk Management?

The cost of fraud and cyberattacks

is estimated to exceed US $3 trillion across the globe annually. [1]

Report: Criminals infiltrating Africa's booming mobile money industry [2]

A new INTERPOL report has found the billion-dollar mobile money industry in Africa is being exploited by organized crime groups – a trend only set to increase as the service is rolled out across the continent.

Each Technological Leap Forward …

Each New Convenience …

Brings with it new risks and opportunities for fraud.

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1. Fcase, "The actual cost of fraud." view in article. 2. Fcase, "The actual cost of fraud." view in article

Why OSS Fraud Risk Management?

Commerzbank faces FCA Fines

Another week and another bank fined for AML failings. This time its Commerzbank AG (London Branch) who have been fined £37,805,400 by the FCA for failing to put adequate AML systems and controls in place between October 2012 and September 2017. [3]

Three particular issues identified by the regulator:

- Failure to conduct timely periodic due diligence on its clients

- Long-standing weaknesses in its automated tool for monitoring ML risk on transactions for clients

- Lack of adequate policies and procedures in place when undertaking customer due diligence on clients

> - **Adds costs to the system**
> - **Risks to the operator – potential shut down?**
> - **Requirements exist to protect consumers**

3 Fintrain, "The Fintrail 5." view in article

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Why OSS Fraud Risk Management?

High Level Trends and Industry Needs

Fraud Risk Management is complex, hard to implement
– it needs to be easier.

Fraud Risk Management is not affordable to smaller players and those on the edge
- scalable sizing and pricing is needed (OSS still costs $$$ to implement).

- Peer to Peer
- Mobile Money
- Digital Currencies
- Cash in / Cash out

Fraud Risk Management Solutions are fragmented silos, covering application areas that do not leverage each other.

- Wholistic solutions are needed

Centralized services for the sharing of data is needed to reduce costs and improve results.

Let's solve these problems affordably.

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Addressing the need

New company to be created dedicated to OSS Fraud Risk Management

Sybrin will be a sponsor by donating

- Code and techniques

- Staffing

- Infrastructure

Will be seeking others to participate but need to get organized around this, structures etc

Wanting to start fast due to the need

- Use existing design patterns with open source components

- Drive to an MVP in 3 months

- Begin implementation of desired architectural changes after MVP

Let's solve these problems affordably.

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Initial Stack for OSS FRM
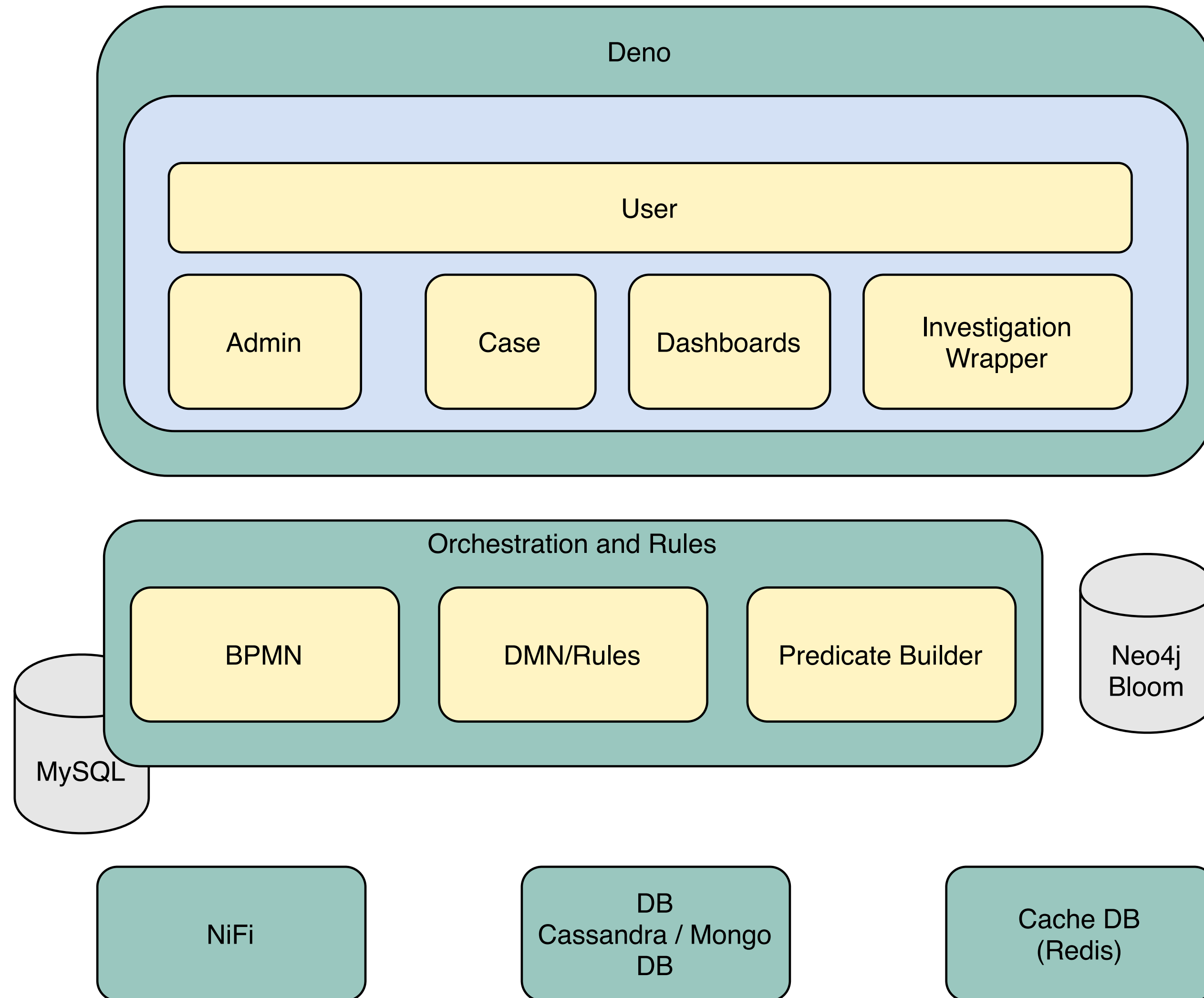
Keep it simple

- Forked versions of orchestration and rules

- NiFi to manage data movement, consolidation, clean up, aggregation and data governance

- Neo4j for visualizations and investigative analysis

- Utilize simplified case tooling or extend with other platforms

Let's solve these problems affordably.
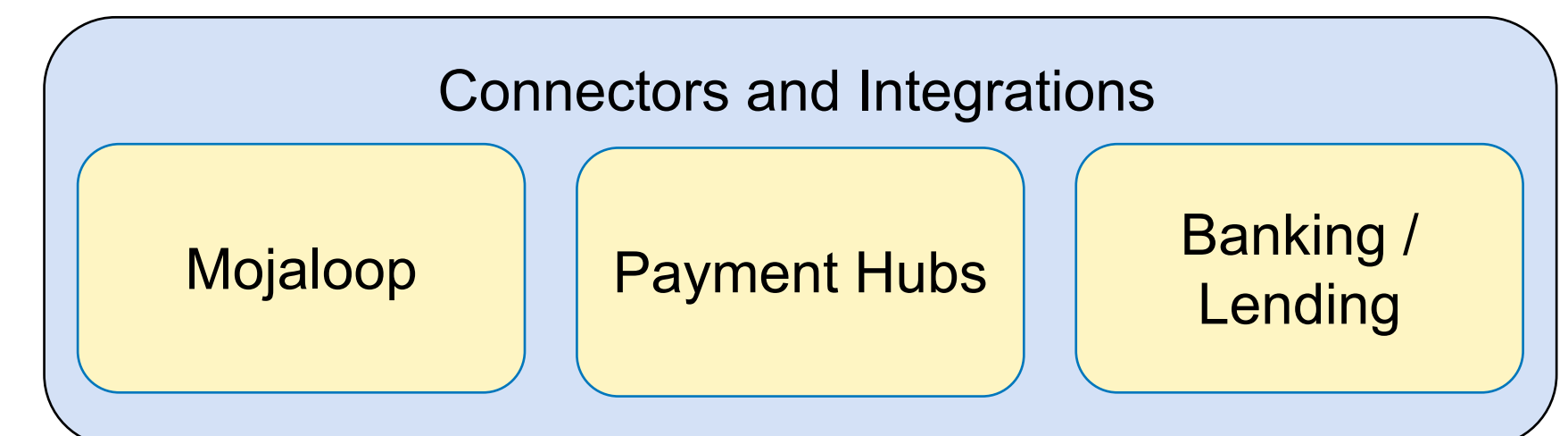
Next steps

1. Identify initial contributors / participants
2. Organization
3. Start up / Boot strapping
4. MVP <= important to gaining momentum
5. Directional decisions
6. Continuity planning

Let's solve these problems affordably.

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