

## GUEST COLUMNIST



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***With anti-money laundering compliance now firmly back on the gaming sector agenda, Jee argues that if gaming companies don't act now, they could be gambling their profits away***

Through the course of the last 12 months, we have seen a number of large fines meted out by the UK Gambling Commission (UKGC) to gaming companies, as a result of serious failings in the way they handle and prevent money laundering, problem gambling and other financial crime.

For instance, the online casino operator, 888, was fined £7.8m by the UKGC for failing to stop problem gamblers using its services, with one case "so significant that it resulted in criminal activity".

In February 2018, William Hill was hit with a £6.2m penalty for allowing ten customers to deposit money sourced through criminal activity, in what was described as a "systemic senior management failure to prevent money laundering".

This is just a brief look at the number of fines handed out recently to gaming companies for non-compliance with AML legislation. Unless the industry acts now to turn things around, it is highly likely that we will see more revelations and greater penalties in the next few months and years.

#### A CLOSER LOOK AT THE PROBLEM

As with their counterparts in other industries, members of the gaming sector are required by law to ensure they comply with AML regulations, particularly those relating to "Know Your Customer" (KYC) checks. To meet these requirements, it is imperative that companies do all they can to verify customers' identities and determine whether they are suspected of having criminal links.

With this in mind, companies in the gaming sector and beyond all need to regularly search for "adverse intelligence" on both new and existing clients. They must trawl the so-called "Deep Web", as well as traditional and digital news media, international corruption watch lists and similar databases, to find any information that may tie the individual in question to money laundering, either directly or through links to criminal activity.

It is not enough, however, for companies just to make these checks. They also need to be able to demonstrate to regulators that they have taken these steps, providing regular reporting and detailed audit trails.

#### YESTERDAY'S SOLUTIONS TO TODAY'S PROBLEMS

In spite of the legal requirements, it is still the case that many companies in the gaming industry are not searching all of the information available to them to accurately verify their customers' identities. A large number are still using obsolete manual KYC processes that are slow and error-prone. The result of this is that companies may well miss vital details about their customers' criminal links, leaving them at risk of running afoul of regulators.

Gaming companies may perceive their obligation to perform the legally required due diligence on all the individuals and organisations with whom they do business to be daunting. However, technology has advanced significantly in recent years, and a new generation of "regulatory technology" (RegTech) is already available to support gaming companies in making effective and speedy KYC checks.

In particular, integrating advanced RegTech featuring artificial intelligence (AI) can play a key role in achieving this goal. The kompli-IQ platform from Kompli-Global, for instance, can perform in-depth searches for adverse information on behalf of human compliance managers quickly and efficiently.

The platform can automatically apply filters and rank sources according to reliability in order to minimise the risk of false positives. Working 24 hours a day, seven days a week, 365 days a year, the technology can also alert compliance managers as soon as adverse information is found, so they can respond quickly and effectively to protect customers and their own brand.

Doing the heavy lifting in searching for adverse information on customers, such technology can go a long way towards enabling regulatory compliance for gaming companies.

#### TAKING THE FIGHT TO MONEY LAUNDERERS

The innovations in RegTech that have taken place in recent years mean that there is no longer any reason for gaming companies not to do all they can to ensure optimum AML compliance.

To ensure they meet with the approval of regulators and supervisors, gaming companies must take a long, hard look at their compliance processes and consider new solutions to optimise their customer due diligence. Gaming has really benefited from the use of new technology in its customer-facing operations in recent years. Now they need to do the same in their compliance procedure guaranteeing operators protected margin, without sacrificing game quality and therefore the user experience.

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