

No Time to Pause

Serkan Arslan Sales & Business Development Director at Fineksus, talks about the effects of digitisation on the regulation technology sector, the ever-evolving threats from fraud, and details the growing regulatory pressures to maintain AML standards

A Real Time of Change for Payments



Serkan Arslan, CAMS, Sales & Business Development Director, Fineksus

Fineksus provides services in 32 countries, so can you tell us how the Middle East features in your overall activities?

When we look at the last three decades, the Middle East has thrived tremendously, and the UAE has especially been a catalyser for this improvement in information technology services and become a key role player in building a Financial Tech Hub.

At Fineksus, we wanted to be at the heart of this transformation and decided to open our first regional office in Dubai in 2014 to help our clients in the MENA region.

Our passion is to tackle Financial Crime with AI powered solutions and to provide secure, effective and frictionless payment systems for local or cross border.

We also have a SWIFT Certified Service Bureau where we provide connectivity and hosting services to our clients who want to benefit from Fineksus' over 20 years' experience in SWIFT's financial telecommunication world.

What has been the effect of the rapid growth of digitisation on the regulation technology sector?

Emerging technologies and post-pandemic uncertainty in the global economy have had a profound impact on the financial industry, most notably by significantly accelerating the adoption of digital financial processes. As society increasingly embraces cashless transactions, various industries, including e-commerce and cryptocurrency platforms have adapted to this new economic landscape. However, this rapid evolution has also had consequences in the realm of financial crime, as criminals have been compelled to devise new methods to exploit the system and target unsuspecting victims.

Also, several factors contribute to the rise in financial crimes. Firstly, the uncertainty in the global economy due to recessions led to an increase in fraud and financial crimes, in contrast, the

financial industry sped up the digital transformation process to mitigate risks and combat financial crimes, by forcing businesses and individuals to rely more heavily on safe digital platforms for financial transactions with increased security checks. This rapid shift created vulnerabilities that criminals have been quick to exploit and adopt. Additionally, the expanding digital channels have posed challenges in terms of regulatory compliance, making it harder for authorities to monitor and regulate financial activities effectively.

As a consequence, emerging technologies and post-pandemic uncertainty in the global economy have not only expedited the digitisation of finance but have also ushered in new challenges in combating financial crimes and eventually contributed to the rapid growth of the digitisation in the RegTech industry. As we continue to navigate this evolving landscape, it's essential for both businesses and regulators to adapt and stay ahead of those who seek to abuse the system for illicit gains.

As the region develops larger and more sophisticated financial hubs, how will the AML landscape and requirements develop here?

The global battle against financial crime is a fight that has many trenches, from governments, regulatory bodies and industries, and day by day regulatory bodies are building stricter anti-money laundering (AML) regulatory frameworks.

As the digitalisation of money speeds up, and the use of cryptocurrencies becomes broader, the inherent nature of anonymity and speed of virtual asset transactions is becoming more concerned against AML/CFT prevention.

The Central Bank of the UAE (CBUAE) recently published new regulations and standards for Virtual Assets Service Providers (VASPs) and other financial institutions for AML, consumer protection and data security. The United Arab Emirates (UAE) has become a leading

force in the global fight against financial crime. As a thriving financial centre in the Middle East, the UAE acknowledges the importance of maintaining a robust anti-money laundering (AML) and countering the financing of terrorism (CFT) framework

The Central Bank of the UAE (CBUAE) constantly publishing new regulations and standards for the banking sector, Virtual Assets Service Providers (VASPs) and other financial institutions for AML, consumer protection and data security.

Again, as the digitalisation of money speeds up, and the use of crypto currencies becomes wider, the inherent nature of anonymity and speed of virtual asset transactions is coming, the regulatory pressure on VASPs from the Central Bank continues.

Can you tell us what the fraud trends are in 2023 and beyond?



In our ever-expanding digital landscape, where technology continues to strive its

of synthetic identities, the exploitation of biometric data and the persistence of insider fraud. Collectively, these trends pose a serious threat to the integrity of the financial industry.

In this enduring battle against fraud, financial institutions are called upon to implement binding and effective Know Your Customer (KYC) processes, fortified with cutting-edge technological solutions. These measures stand as the most potent weapons in the ongoing fight against fraud, helping safeguard the financial ecosystem from the ever-evolving tactics of perpetrators.

Please tell us about Fineksus' plans in the region for the coming years.

We expect that AI and Machine Learning in regulation technology will become even more significant in the upcoming years, driven by the ongoing surge in digitalisation. Financial institutions are struggling with the task of handling

 **THIS RAPID SHIFT CREATED VULNERABILITIES THAT CRIMINALS HAVE BEEN QUICK TO EXPLOIT AND ADOPT** 

influence on our daily lives, the realm of fraud has not stayed behind; instead, it has adapted to the latest advancements. As we step into 2023, marked by numerous developments in the financial services sector, considerable fraud trends have also emerged concurrently. These trends pose a formidable challenge to individuals, businesses and authorities alike, necessitating an alert and proactive stance in the ongoing battle against fraudulent activities.

Among the notable fraud trends of 2023, we see the spread of unsafe new digital payment methods, the ascendance of cryptocurrencies, the rise

huge transaction volumes, which has led to a rising demand for automated AML solutions. At Fineksus, we are dedicated to making substantial investments in AI and Machine Learning to assist our clients in navigating this ever-changing environment.

We are also looking other ways of using AI for our Financial Messaging platform, as the region is becoming more sophisticated financial hub, the importance of supporting multiple payment channels is crucial and orchestration of these channels will become more critical than ever, we are exploring to use AI in that area as well. ♦