



Payment Security & Compliance Conference



Flywire's AML/CTF Compliance Program

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Agenda

- Regulatory landscape
- Flywire's Financial Crime Compliance (FCC) approach
- Fraud & sanctions overview
- Relevant metrics

Flywire's regulatory landscape

As a regulated business, Flywire is committed to protecting the financial system and helping prevent financial crime. In the UK, we comply with laws and requirements set by:



**The Financial
Conduct
Authority
(FCA)**

*Our financial
services
regulator*



Office of Financial
Sanctions Implementation
HM Treasury

**The Office of
Financial
Sanctions
Implementation
(OFSI)**

*Enforces UK
government
sanctions*



**UK laws on
preventing money
laundering &
terrorist financing,
including:**

- Money Laundering Regulations
- Proceeds of Crime Act
- Terrorism Act



**We report
suspicious
activity to the
UK's National
Crime Agency
(NCA) when
required**

Flywire's Financial Crime Compliance (FCC) approach



Ethics at the core

We embed integrity in everything we do. Compliance with UK and global regulations reflects our commitment to doing the right thing and protecting the financial system.



Globally regulated & trusted

Flywire operates under the oversight of top-tier regulators in the UK, US, EU, Singapore, Hong Kong, and Australia.



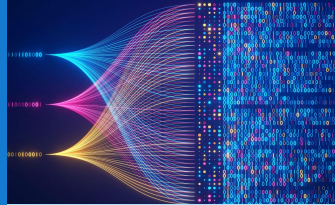
Balanced, risk-based controls

Our compliance processes are designed to minimise disruption while effectively managing risks related to financial crime and sanctions.

Key FCC program components



**Know Your
Customer
(KYC)**



**Transaction
Monitoring**



**Fraud
Monitoring**



**Sanctions
Program**

FCC program in detail

1. Know your customer

- **Verify legitimacy of business**
- **Ultimate Beneficial Ownership (UBO) identification and controlling persons**
- **Adverse media, PEP and sanctions screening**
- **Ongoing Monitoring**

2. Transaction monitoring

- **Monitoring rules**
- **Unusual transactions (e.g. frequency, high risk jurisdictions, amounts)**
- **High Risk Businesses**
- **Suspicious Transaction Reporting (STR)**

3. Fraud monitoring

- **Live monitoring**
- **Fraud monitoring rules (e.g. velocity, frequency, HRJ)**
- **Connected users**

4. Sanctions screening

- **Real-time screening (sanctions lists and sanctioned jurisdictions)**
- **Payments paused for further review**
- **Payments passed, rejected, or blocked according to regulatory requirements**

What is OFAC?

The US Department of the Treasury Office of Foreign Assets Control (OFAC) administers and enforces economic and trade sanctions based on US foreign policy and national security goals.

These regulations are enforced on **strict liability**.

Every sanctions violation may enter an OFAC enforcement action and in turn result in a civil penalty.

Who has to comply with OFAC sanctions?

- US persons wherever they are located
- Citizens of other countries with a permanent residence permit of the US
- US companies
- All persons and entities that are in the US
- Entities controlled by US persons

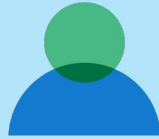
OFAC enforcement stages



OFAC sanctions



It is prohibited to provide services directly or indirectly to persons designated on OFAC's Specially Designated Nationals and Blocked Persons List (SDN list) SDNs' property are *blocked*.



Persons on the SDN list are listed due to various reasons such as: Human Right Abuse, Terrorism, Narcotics Trafficking, Cyber Crimes.



It is generally prohibited to provide services to persons and entities that are located in a sanctioned jurisdiction:

- Cuba
- Iran
- North Korea
- Syria
- Crimea
- Luhansk People's Republic (LNR) & Donetsk People's Republic (DNR)

UK OFSI sanctions



UK sanctions are targeted, not blanket bans on countries



Sanctions apply when there is a UK nexus (UK persons, services, territory, or financial system)



OFSI targets individuals, entities, and vessels under specific sanctions regimes



The Consolidated List identifies sanctioned persons and entities



Includes entities owned or controlled (50%+) by designated persons



Main measures: Asset freezes, restrictions on funds/resources, sectoral sanctions, and service bans

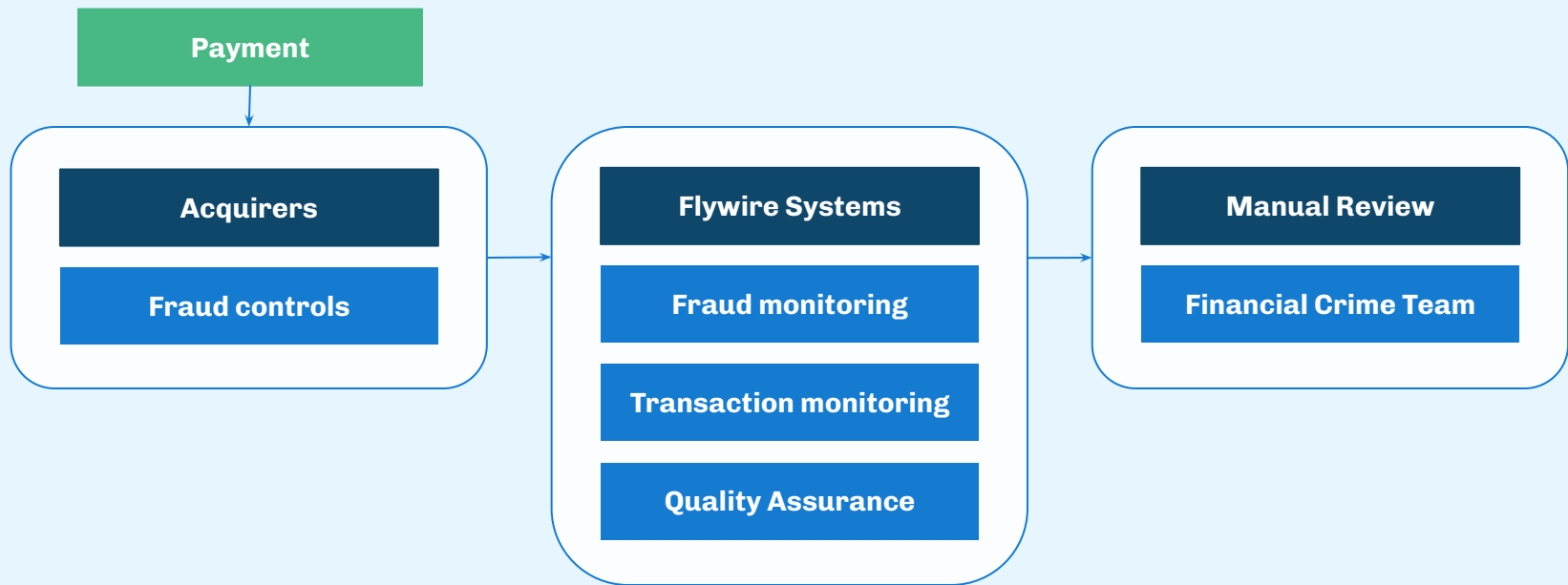


Compliance required by UK persons, UK companies (worldwide), & anyone acting in the UK

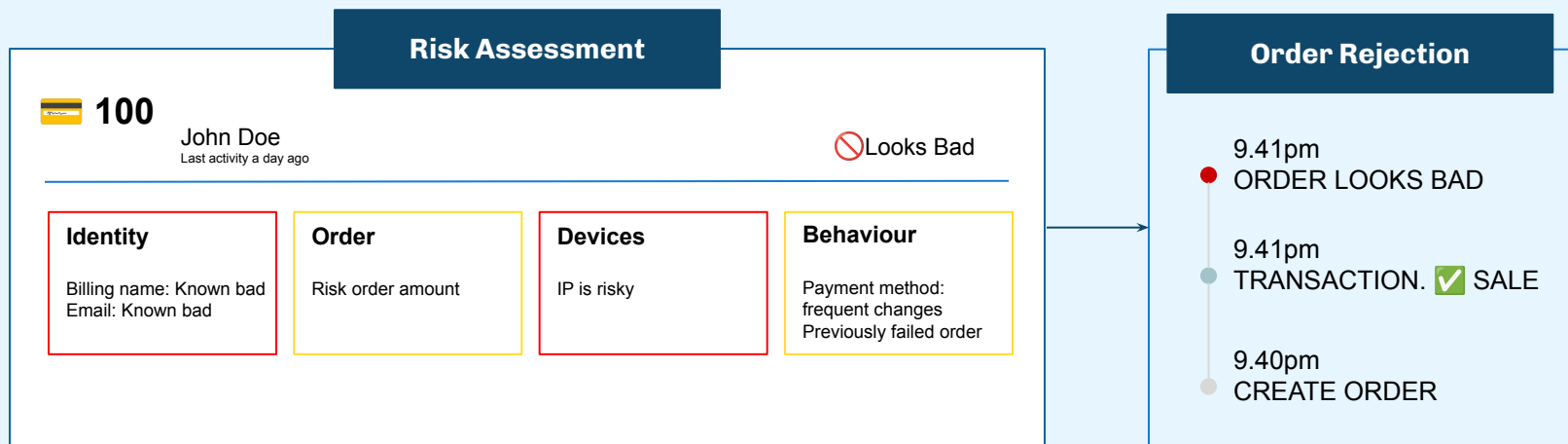


Breaches can lead to civil fines (strict liability) or criminal prosecution

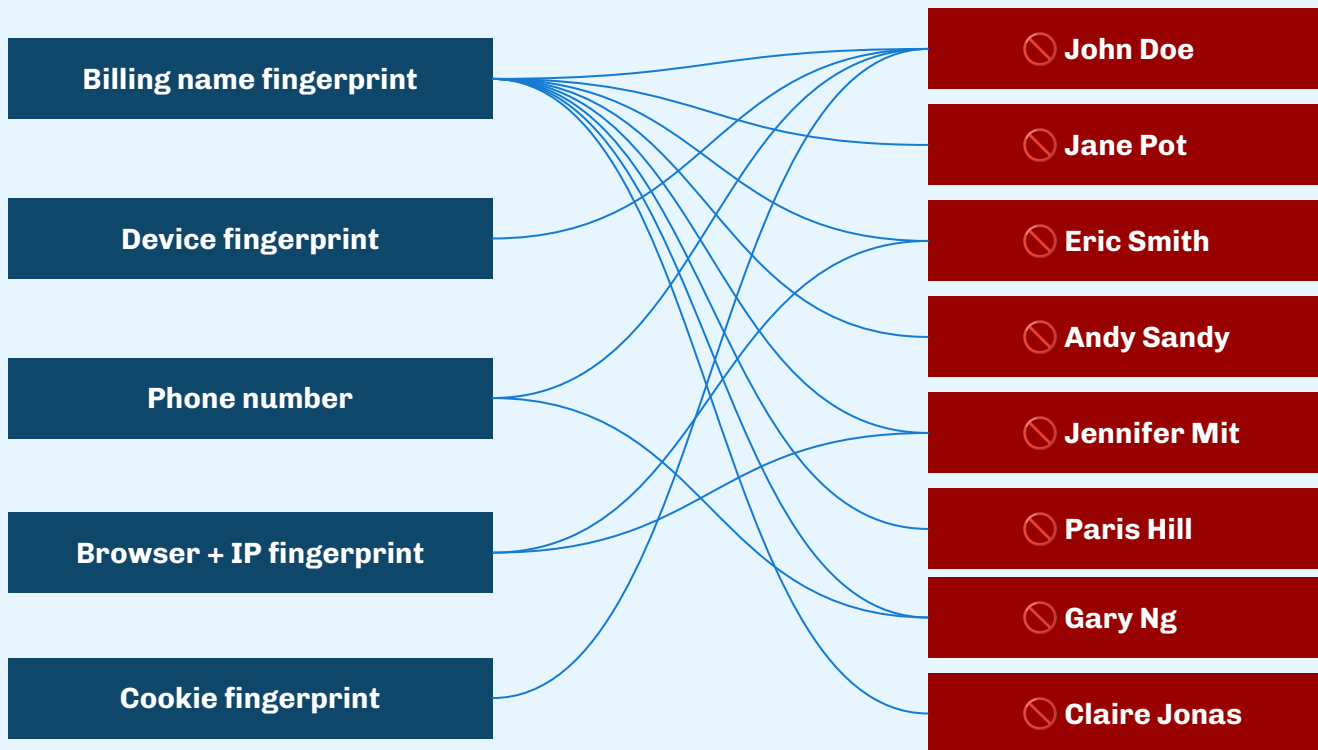
Detecting fraud



Fraud prevention practice



Flywire fraud detection network



Fraud and Sanctions Data (Q1 2025)

Fraud Monitoring

| Chargeback Data | UK |
|-------------------------------|-------|
| Chargeback Rate | 0.03% |
| True Fraud Chargeback CB Rate | 0.01% |

Sanctions

| Transaction Data | UK |
|-------------------------|---------|
| OFAC Related Rejections | 0.008% |
| Frozen Transactions | 0.0002% |

Q1 UK Rejected Transaction Metrics*

| | |
|---------------------------------|------------|
| Number of Transactions Rejected | 0.37% |
| Fraud Amount Prevented | £8,177,894 |

*Note: Industry benchmarks generally consider a "healthy" chargeback rate to be 0.5% or below.

Thank you

Adrian Muller

William Chung

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