



Enterprise Risk Management Update

Wayne Gonzales

APRIL 17, 2025

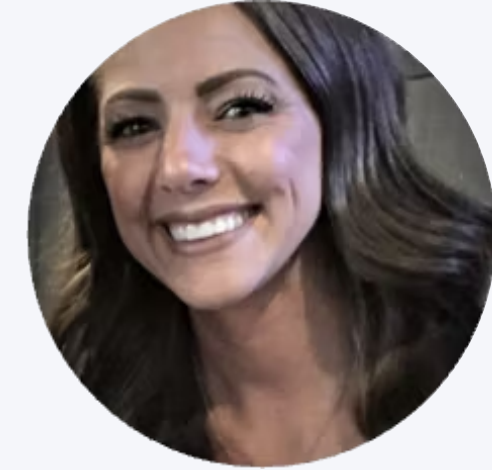
ERM Team



Joseph Saahene
VP - General Counsel



Garrett Cox
Sr. Director Risk Ops



Brittany Kearn
Sr. Risk Analyst



Keyontae Brown
Risk Analyst



Peyge Wolfe
Risk Analyst



Vanessa Martinez
Risk Analyst

Pillars of AML Program

1

Effective Controls

The company should follow documented policies and procedures that guide its actions

2

Designation of AML Officer

A senior compliance officer should be designated to oversee the general application of AML regulations throughout the institution.

3

Employee Training

Every employee should be familiar with AML procedures, with some employees having greater responsibility for putting the compliance program into action

4

Independent Test

Usio's undergoes an annual exam conducted by an independent auditor.

5

Customer Due Diligence

The fifth pillar governs determining who is behind the account

Top Risks to Company

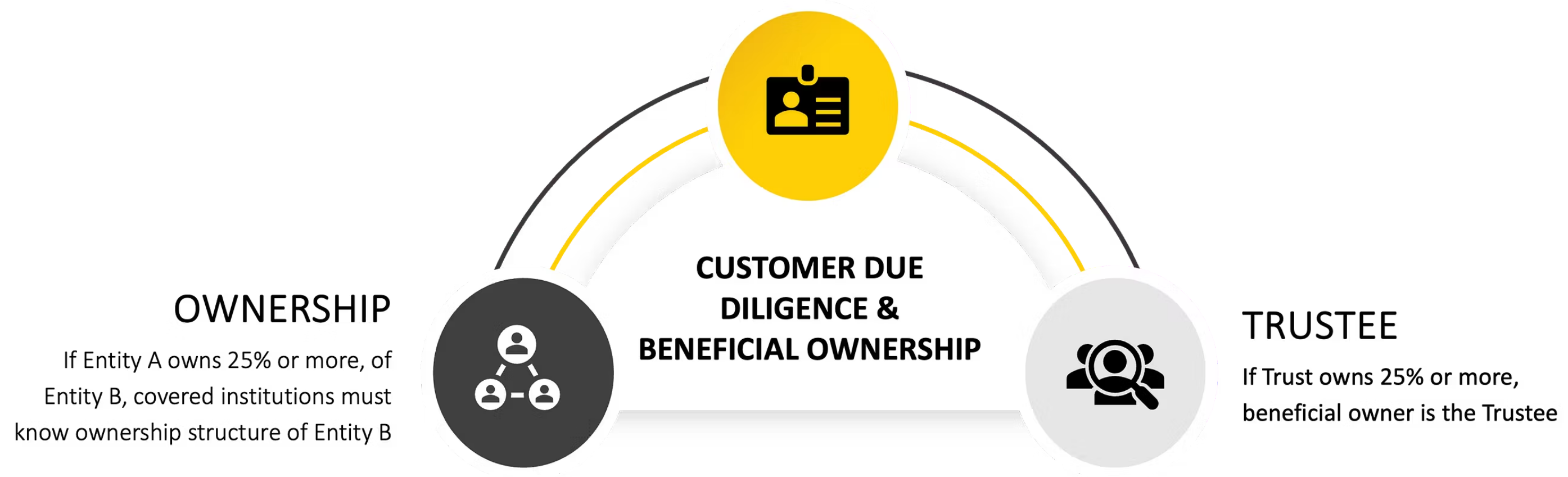
1. Regulatory Risk
2. Sending Money to the wrong place
3. Hacking / Data Loss
4. Chargeback& Fraud
5. Lack of Execution / Making Poor Decisions



FinCEN CDD Rule

OBTAIN & VERIFY

Requires a covered institution (USIO) to obtain and verify identities of individuals owning 25% or more of an entity



ACH Fraud Transaction Detection

Currently, ACH Originators of WEB debit entries are required to use a “commercially reasonable fraudulent transaction detection system” to screen WEB debits for fraud.

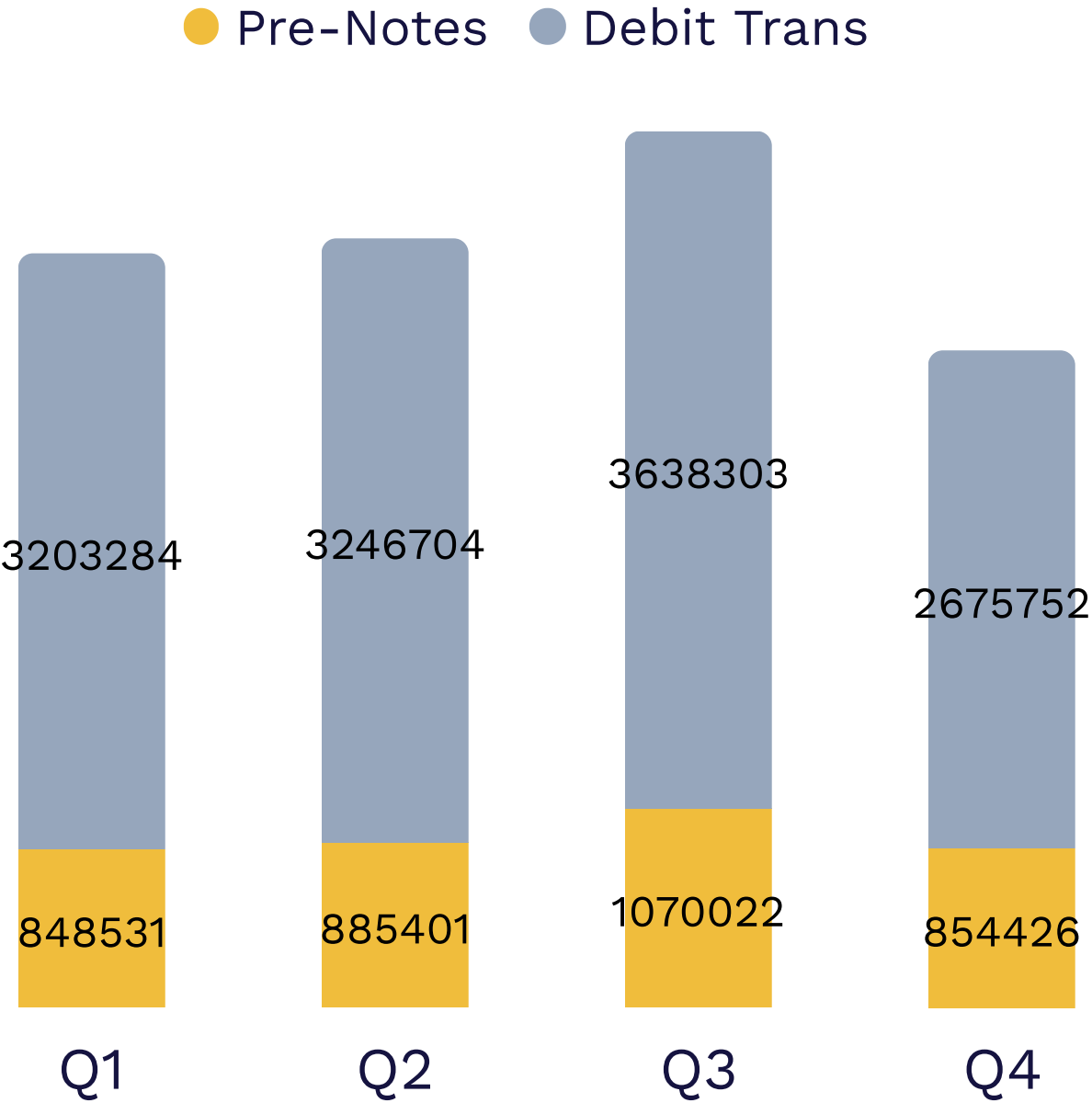
This existing screening requirement will be supplemented to make it explicit that “account validation” is part of a “commercially reasonable fraudulent transaction detection system.” The supplemental requirement applies to the first use of an account number, or changes to the account number.



THIS RULE MODIFIES THE FOLLOWING AREAS OF THE NACHA OPERATING RULES:

Article Two, Subsection 2.5.17.4
(Additional ODFI Warranties for Debit
WEB Entries) to make explicit that a
fraudulent transaction detection
system must, at a minimum, validate
the account to be debited.

2024 Pre-Notes



12.76MM TOTAL DEBIT ENTRIES

TOTAL PRE-NOTES **3,658,380**

1,667,234 FLOATME PRE-NOTES

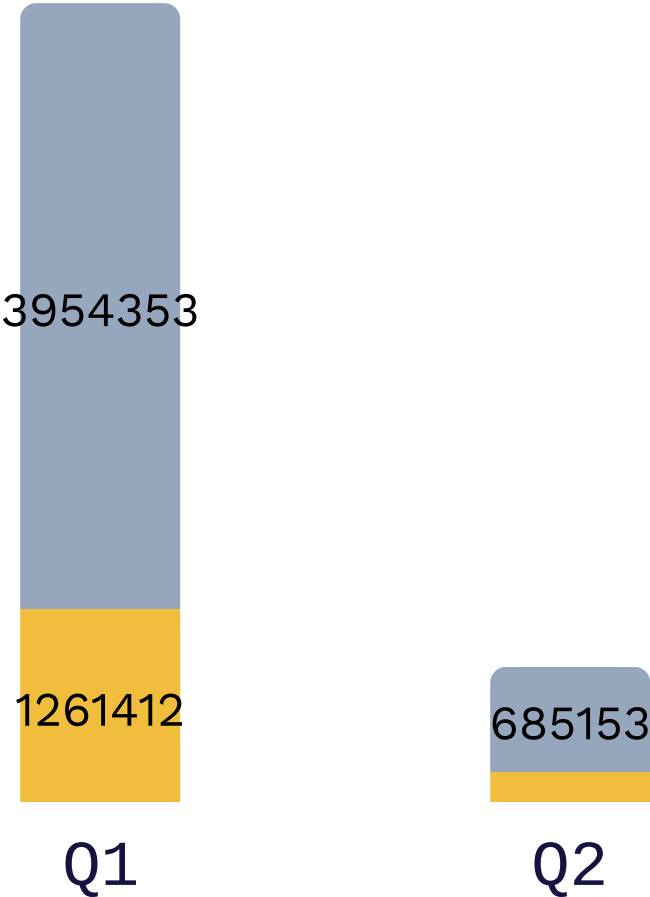
EXPLORE PRE-NOTES **438,337**

Floatme = 46% Explore = 12%



2025 Pre-Notes

● Pre-Notes ● Debit Trans



4,639,506

TOTAL DEBIT ENTRIES

TOTAL PRE-NOTES

1,461,173

472,289

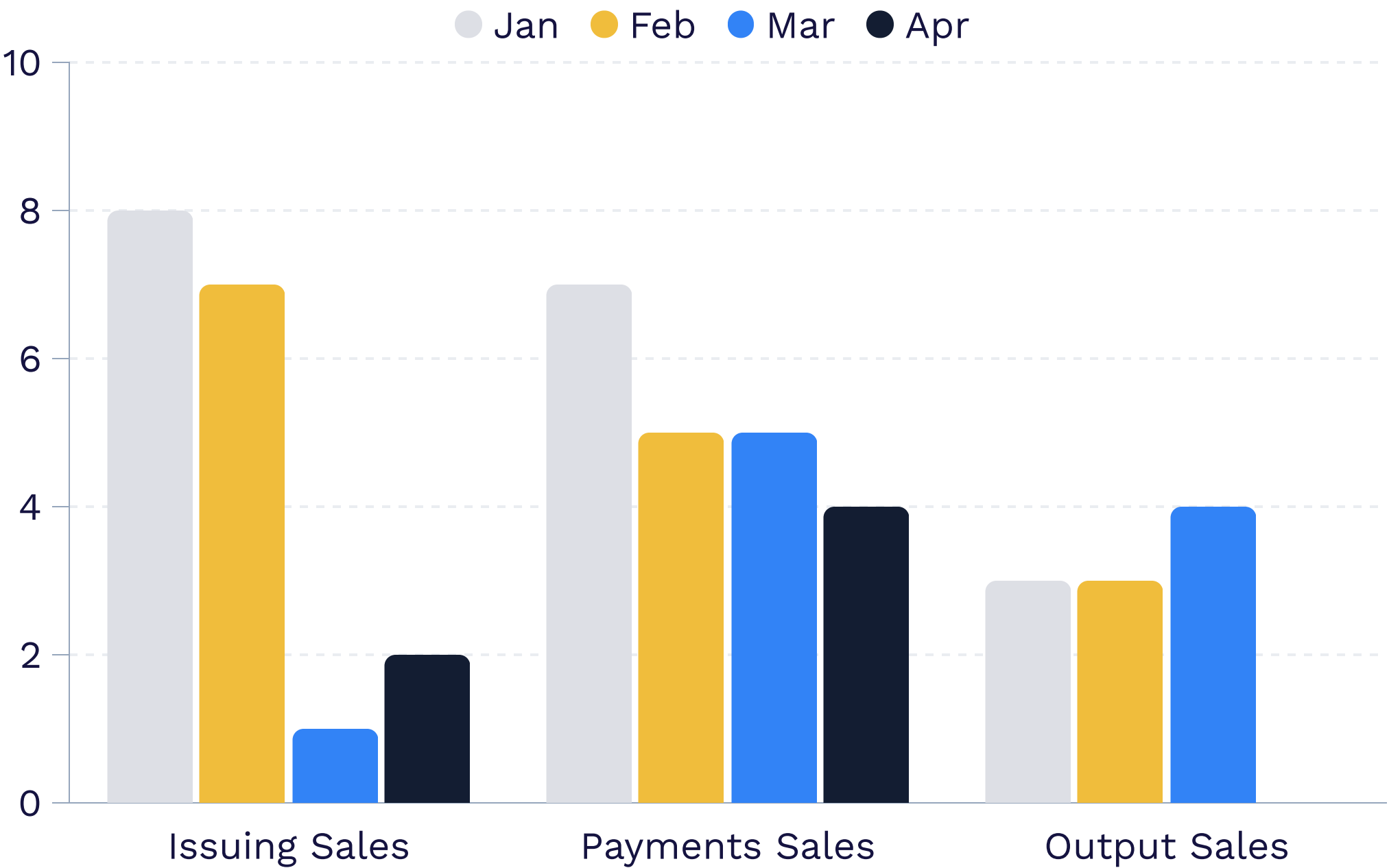
FLOATME PRE-NOTES

EXPLORE PRE-NOTES

307,655

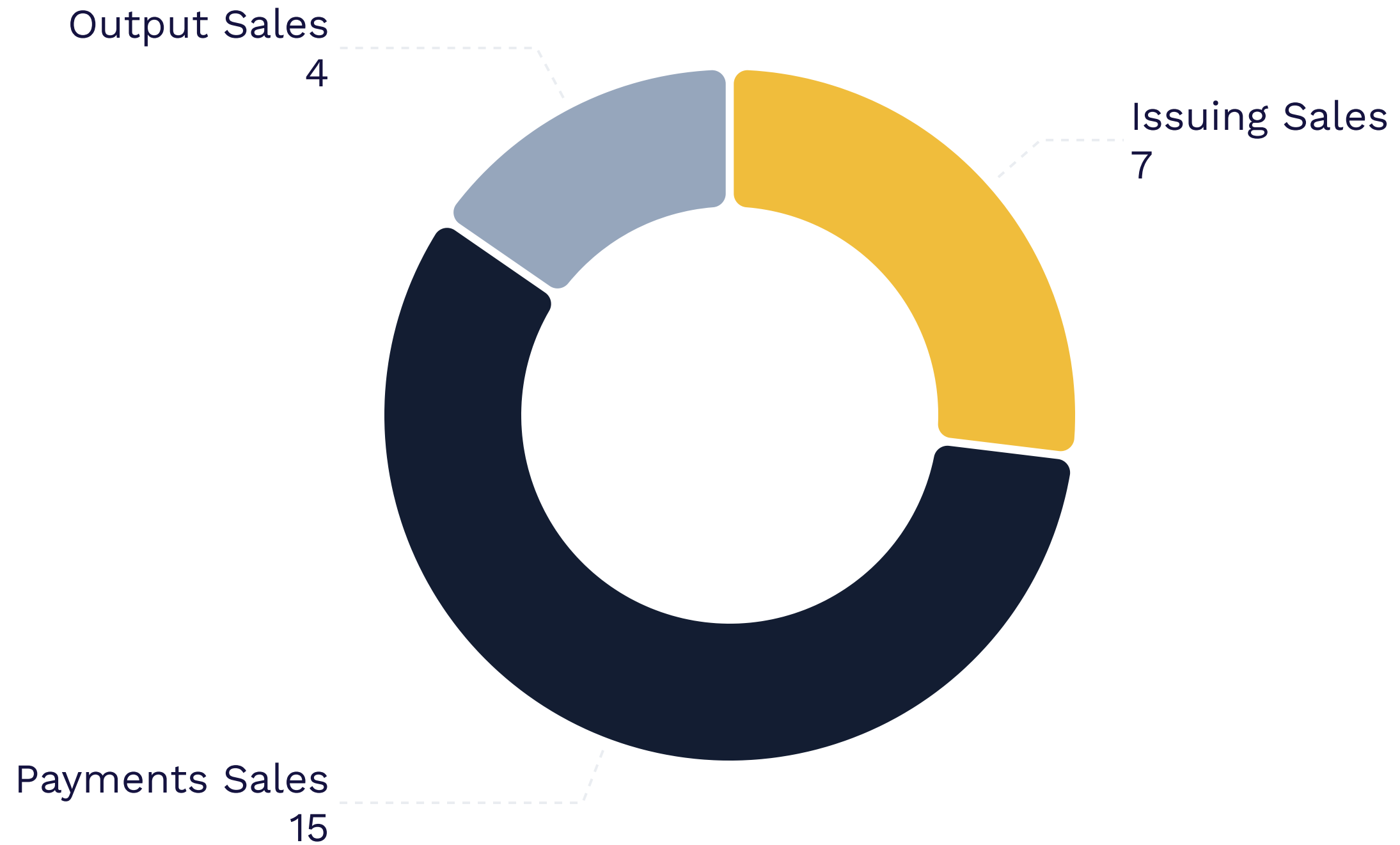
FLOATME = 32% EXPLORE = 22%

DocuSign Envelopes Sent

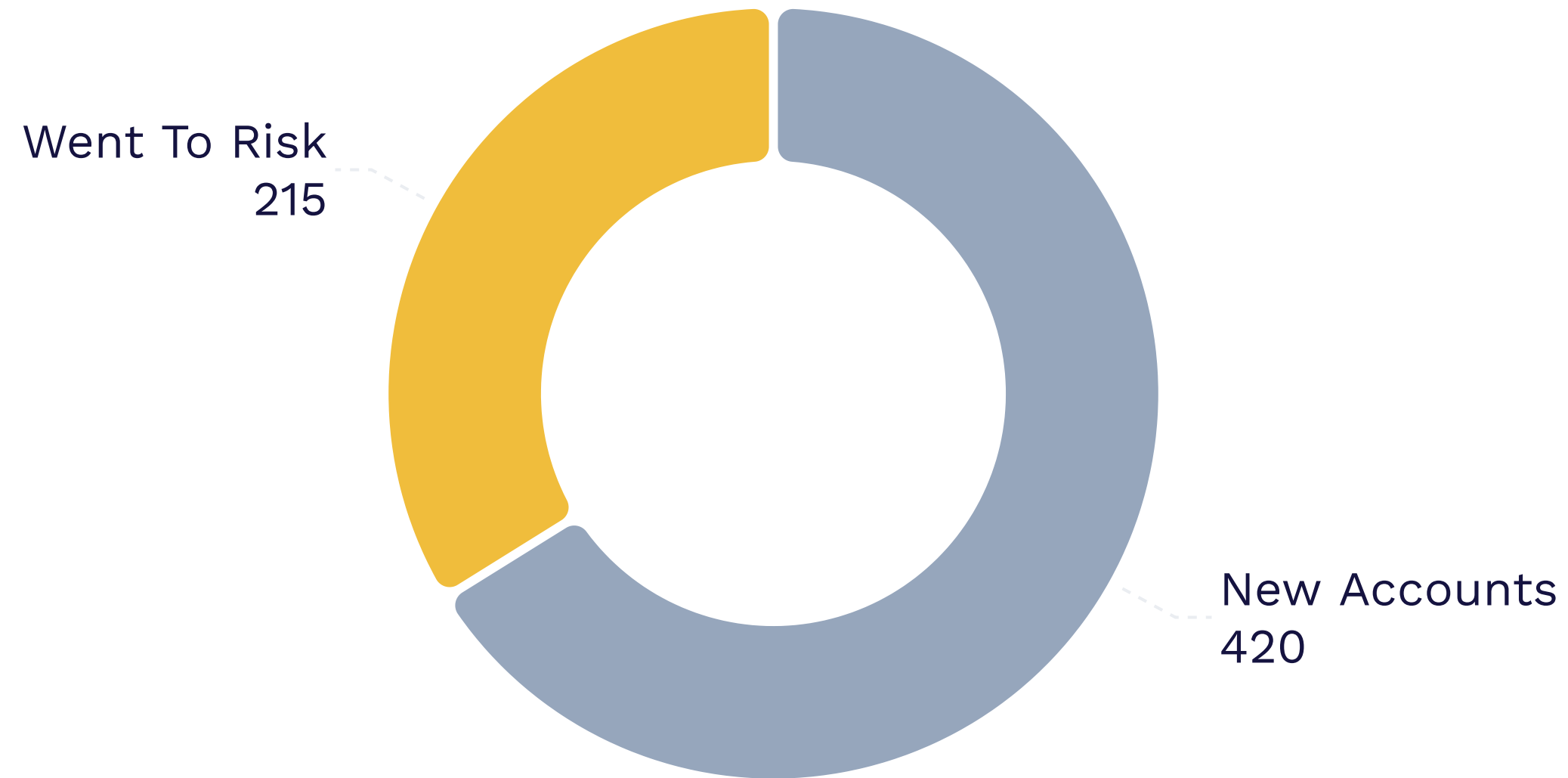


INCLUDES ALL ENVELOPES SENT BY PEOPLE IN GROUP

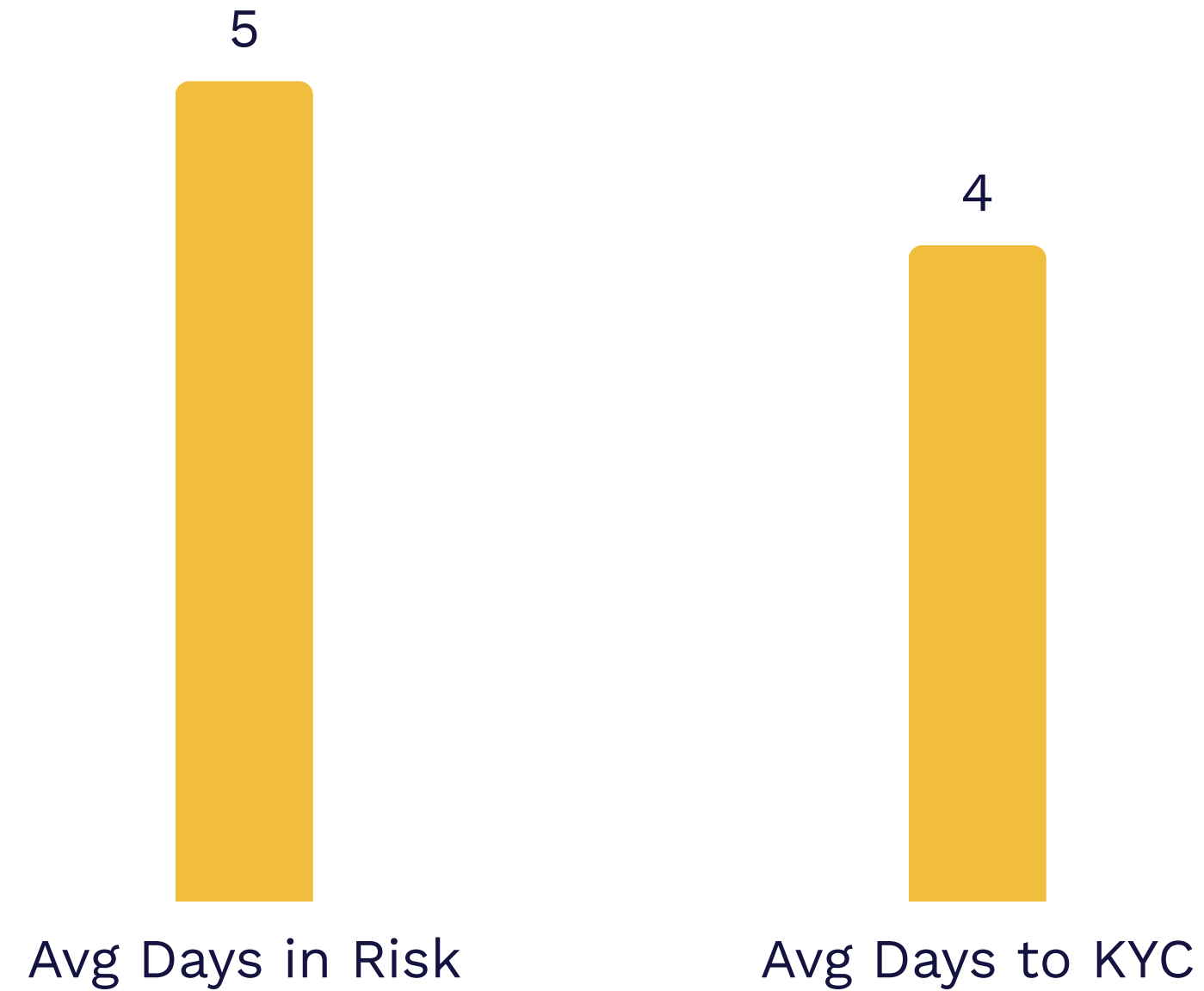
Agreement Redlines



2025 Enrollment Stats



2025 Enrollment Stats



AVG TIME OF APPROVAL = <5 MINS

Enrollments

Data Integrity Issues

- Nickname instead of Legal Name
- Prefix and suffix (Dr, PhD, Sir)
- SSN transposed
- DOB transposed
- Company Legal Name incorrect
- Use DBA instead of Company Legal Name
- Structure type (LLC vs Sole Prop vs C Corp)
- Beneficial ownership %
- Mismatch bank ownership

Result of Data Integrity Issues

- Inadequate Screening
- Undermines risk modeling and assessment
- Regulatory risk
- Delayed onboarding
- Manual review
- Increased false positives
- Negative UX
- Multiple touchpoints
- Creates operational inefficiencies

Unified Enrollment

We currently have at least two (2) different methods of onboarding

~\$130k


Annual KYC Expense


- Jumio: ~\$35k
- Socure: ~\$80k
- LN/TINCheck: ~\$15k

Kompliant’s KYC solution is a white-label plug and play solution.

They maintain all third-party vendor agreements.

Reduces KYC/KYB/IDV expenses by at more than 45%.

https://apply.kompliant.com/login?partner_id=s...

<https://hq.kompliant.com/>

Click To Agree Form

Welcome! Please complete the highlighted fields.

Tell us about your business

Business Name (DBA)

Business Name

Business Description

Business Description

Ownership Type

LLC Private (incl professional LLCs)

Email Address

you@domain.com

Federal Tax ID (EIN #)

Federal Tax ID

Time Zone

(UTC) Coordinated Universal Time

Business Address (No P.O. Box)

Business Address

City

City

Legal Business Name

Legal Business Name

Business Start Date

MM/DD/YYYY

Business Phone Number

(123) 456-7890

Website

yourbusiness.com

Suite

Apt, Suite, etc

Postal Code

Postal Code

Settlement Account Information

*This bank account will be where your funds are deposited to

**The Name On Account should be your Legal Business Name (except for Sole Props)

Account Number*

Routing Number

Business Name On Account**

Account Type

Commercial

☒ Fees Account Same as Settlement

*NOTE: Bank/Processing statements may be required if volume greater than \$100,000

Principal/Responsible Individual

*Please use full legal name to prevent delays in processing your application

**Identify each individual that directly or indirectly owns 25% or more of the ownership interest of the legal entity described above under "Ownership Type". You must also identify an individual with significant responsibility to control, manage, or direct that legal entity (e.g., CEO, Managing Member, etc.). The controlling individual may be the 25% owner. Click "Add Principal" to add additional individuals.

First Name

First Name

Ownership Percentage

0

Last Name

Last Name

Title

Chief Executive Officer

Last 4 SSN

1234

Phone

Owner Phone

Date Of Birth

Date Of Birth

Street Address (No P.O. Box. Personal Address, not Company Address)

Street Address

City

City

State

Alabama

Suite

Apt, Suite, etc


Postal Code

Postal Code

Add Principal

Terms and Conditions

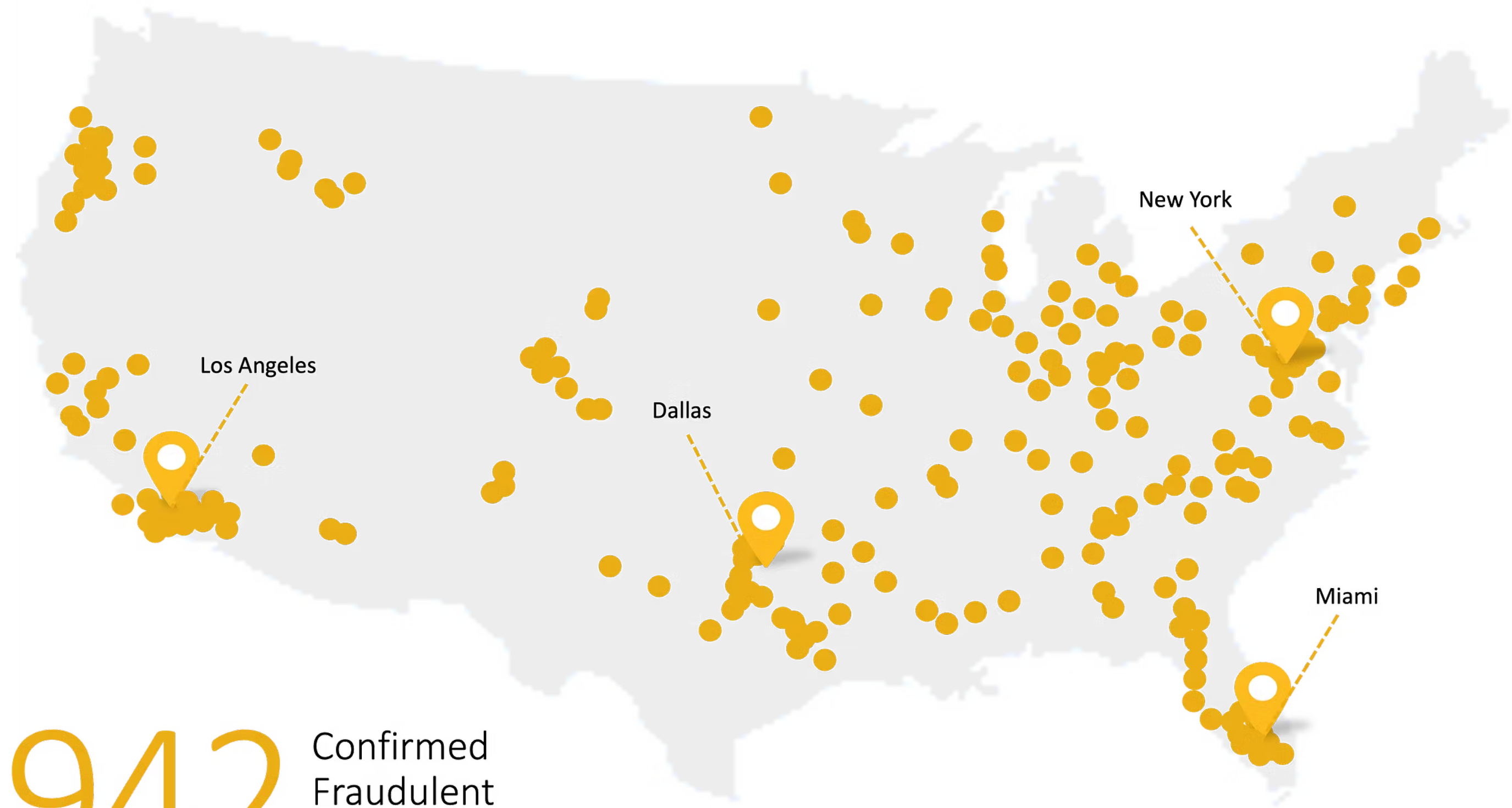
ACH Terms



Compliance Liability

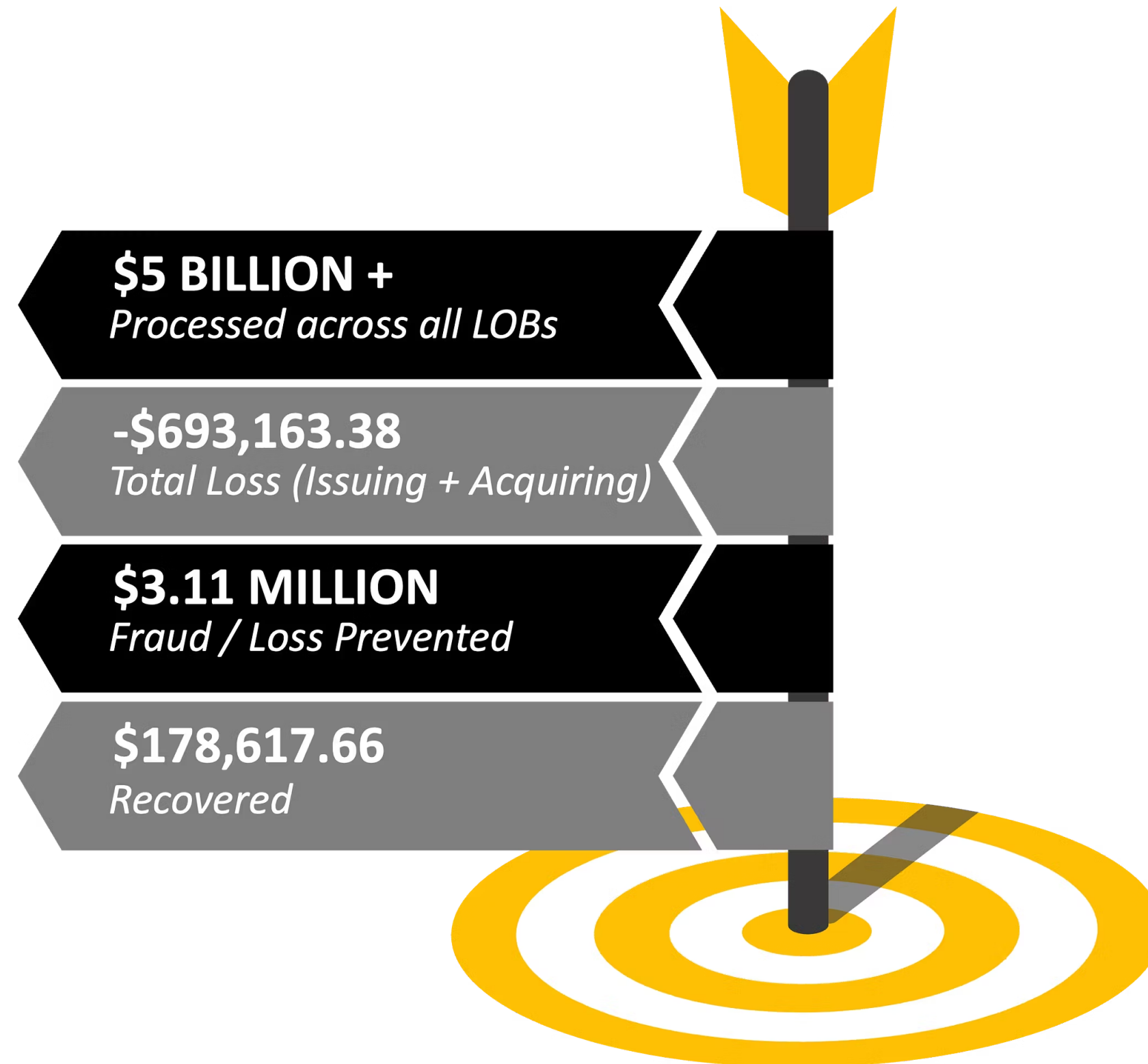
Compliance Officers (COs) in the Fintech industry are increasingly being held personally liable for compliance failures. This is driven by factors such as regulatory scrutiny, evolving technologies, and a growing emphasis on individual accountability. COs can face significant legal, financial, and reputational consequences if their company violates laws or regulations.

| | | |
|--------------|-------------|--------------------|
| A1C Holdings | \$5MM fine | up to 20 years |
| WireCard | \$450k fine | 2-year probation |
| US Bank | \$450k fine | - |
| MoneyGram | \$250k fine | 3-year prison |
| NYSEFCU | \$100k fine | 2-year prison |
| Atlas One | \$75k fine | 1.5-year probation |



942 Confirmed
Fraudulent
Addresses

2024 Risk Overview



2025 Risk Overview



OUR LOSS RATE IS CURRENTLY 0.007%