



Cryptocurrency Companies to Raise the Compliance Bar in 2022

Next-Generation Geotechnology Elevates OFAC & FinCEN Compliance

2021 saw a slew of negative compliance stories around cryptocurrency, from huge fines to strict prohibition in multiple markets. Indeed, the number of countries that placed an absolute or implicit [ban on crypto doubled in only three years](#).

However, 2022 is set to see a turning of the tide with several leading crypto exchanges launching next-gen geolocation security services from GeoComply – the global market-leader in geolocation compliance.

By tapping into device-based geolocation data signals, such as GPS and WiFi triangulation, these exchanges will materially raise the compliance standards within the virtual asset world. Not only that, they'll leap-frog crypto platforms ahead of online banks' legacy systems, which still rely on the '90s tech of IP addresses for geolocation.

These older systems can't even geolocate you well enough to let you use your credit card while traveling and can't spot VPN usage. Nobody wants tomorrow's digital payment systems to be handicapped by the same flaws.

As the U.S. Treasury [guidance](#) in late 2021 made clear, the time has come to move to a geolocation system which is fit for purpose, and today's cryptocurrency companies are already gearing up to meet the challenge.



Advanced location signaling provides another critical data point that gives insight into the legitimacy and validity of transactions.

JAROD KOOPMAN, Director, IRS – Criminal Investigations (CI)



“Virtual currency companies with strong sanctions compliance programs should be able to use geolocation tools to identify and prevent IP addresses that originate in sanctioned jurisdictions from accessing a company’s website and services for activity that is prohibited by OFAC’s regulations.”

– Source: [Sanctions Compliance Guidance for the Virtual Currency Industry](#), U.S. Department of the Treasury | Office of Foreign Assets Control (OFAC), Oct. 2021

Geolocation You Can Bank on for OFAC and FinCEN Compliance

That's where GeoComply comes in. By using our highly accurate, compliance-grade geolocation solutions, virtual asset companies demonstrate to regulators that compliance is not a standard checklist most financial institutions follow.

Rather, they prove that compliance is a commitment to empowering the future of digital trust by making the internet a safe and secure place to do business.



We built our business to solve the problem of how easy it is to fake location on the internet. As the world embraces virtual assets, we are happy to support our clients who demonstrate that technical and financial innovation can also raise the compliance bar!

DAVID BRIGGS, Co-Founder, GeoComply



Backed by Blackstone, the world's largest private equity firm, GeoComply offers a trusted and accurate solution, processing more than 9 billion transactions a year and is installed on more than 400 million devices worldwide. Since launching in the highly regulated U.S. gaming market in 2013, GeoComply has honed its technology using device-based data (accurate to within 35 yards on average).

GeoComply uses zero-friction geolocation security to deliver this pinpoint accuracy to the largest brands in highly regulated markets – such as DraftKings, MGM, FanDuel, Caesars and others. GeoComply's software can be easily integrated via an API and is available on AWS and Akamai Marketplaces, and the NICE Actimize X-Sight Marketplace.



NICE ACTIMIZE



Blackstone

9 billion+

analyzed transactions
per year, and growing

400 million+

installed devices
worldwide

96.6%

accuracy in VPN
detection

Raise the Compliance Bar with GeoComply

Cost of Noncompliance	How GeoComply Helps	Benefit
Regulatory impact <ul style="list-style-type: none">• Monetary penalties¹• Loss of operating license• Increased scrutiny from regulators• Possible criminal action	<ul style="list-style-type: none">• Geofence sanctioned or high-risk jurisdictions using trusted, verified location data from multiple sources.• Identify the use of high-risk VPNs, fraudulent IP addresses and other location spoofing methods.	<ul style="list-style-type: none">• Block high-risk users or users from sanctioned jurisdictions.• Determine the legitimacy of an IP address potentially associated with criminal activity.• Eliminate risk of sanctions violations.
Reputational harm <ul style="list-style-type: none">• Churn due to loss of consumer confidence• Greater scrutiny from banking & payments partners (“de-risking”)²	<ul style="list-style-type: none">• Improve location assurance by collecting and verifying location data from multiple sources.• Verify a customer’s true location as part of their digital identity – from onboarding to updating user credentials.	<ul style="list-style-type: none">• Onboard more legitimate customers while stopping bad actors.• Strengthen customer and partner trust using geolocation tools aligned with OFAC “best practices.”

¹An enterprise application software company was fined more than \$2 million for violating Iranian transactions and sanctions violations. OFAC noted the company “did not...implement adequate controls in a timely manner (e.g., instituting geo-location IP address screening for...software delivered from the United States).” ([source](#))

²Banks and payment processors are liable for transactions they perform on behalf of customers – they increase their regulatory risks serving a virtual asset company with substandard compliance. OFAC fined a money services business nearly \$1.4 million for processing more than 2,200 illegal transactions for corporate customers and card-issuing financial institutions. ([source](#))

About GeoComply

Founded in 2011, GeoComply provides fraud prevention and cybersecurity solutions that detect location fraud and help verify a user’s true digital identity. Our award-winning products include geolocation fraud detection solutions for the iGaming, media and entertainment, and financial services industries. Our list of global customers includes Sightline Payments, Amazon Prime Video, BBC, Akamai, DraftKings, FanDuel and MGM.



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