



Know Your Transaction

# Identitii (ASX:ID8) FY21 Annual Report Webinar

John Rayment, CEO, Identitii

26 August 2021



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# Agenda

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1. **Welcome**
2. **Review of our strategy**
3. **Look back at 2021**
4. **Look ahead to 2022**
5. **Questions?**



# Breaking news

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Citibank signed a Letter of Intent (LOI) with Identitii



Citibank and Identitii intend to enter 5-year Master Services Agreement (MSA)

Citibank to licence Overlay+ to streamline reporting, initially in Australia

Parties intend to commence with a live pilot later in 2021

Agreement follows Identitii win in Citi FinTech accelerator



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## Our vision

A **trusted and transparent** financial services industry, which is **accessible to everyone**, and where **financial crime is impossible**



# The problem we solve

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The information needed to process and report financial transactions is often incomplete, inaccurate or even missing, holding up payments and increasing the risk of non-compliance

## The industry symptoms:

- Successful payments require significant amounts of information
- Manual information sharing with regulators and counterparties is unsecure
- The information sits in multiple legacy systems and is hard to find
- Manual processes increase risk of human error and cost of compliance
- Different information is needed for each country regulator

# 78%

of firms expect they will need to collect more payment information than they do today<sup>2</sup>



# Our growth strategy

The Identitii growth strategy has several phases:

## Deliver

Focus on business basics, and service existing clients in HSBC, Mastercard, HomeSend and Novatti.

## Land

Licence as many regulated entities as possible to use our platform. Focus on Regulatory Reporting and Correspondent Banking payment investigations

## Expand

Grow licence revenue with existing customers, including the 11,500 SWIFT member banks looking to migrate 10 Billion payment messages to ISO 20022 before 2025.

## Innovate (Connect)

Utilise our patent to create a global ecosystem for secure, rich financial information, enabling faster processing of payments and reducing financial crime

## Payble

Monetise technology investments which do not fit our core RegTech strategy

NOW

NEXT

ONGOING

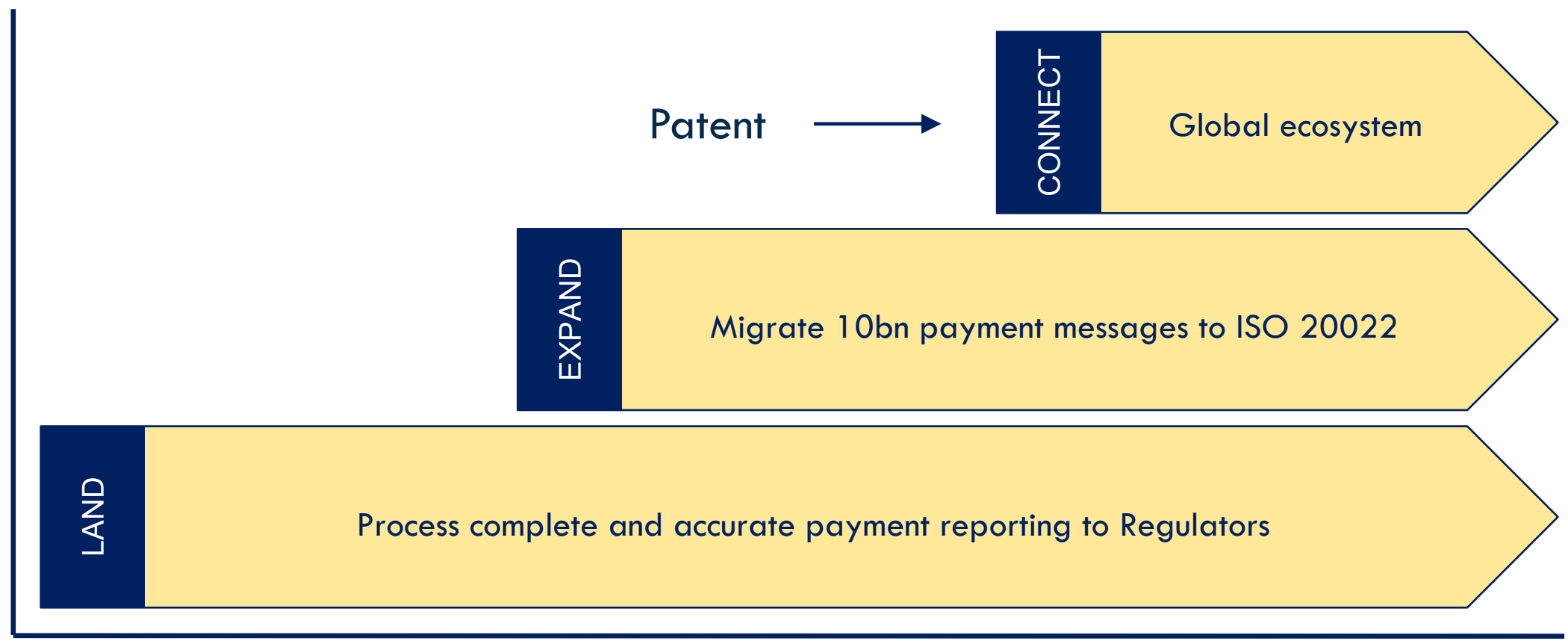


# Land, Expand, Connect

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Revenue growth



Customer growth





# RegTech market is growing

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Global spending on RegTech will reach  
**US\$130B** by 2025<sup>1</sup>

Major market drivers:

- Government regulatory enforcement
- Increasing financial crime
- New industry players
- Accelerated digital adoption
- Increased intelligence sharing

**US\$287B<sup>1</sup>**

The amount regulated entities currently spend meeting compliance and regulatory obligations

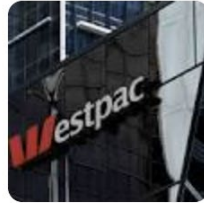
# Driving interest in Identitii

7NEWS.com.au

## Westpac fined by AUSTRAC over laundering law breaches

Westpac has agreed to pay a \$1.3 billion penalty for breaching anti-money laundering and counter terrorism financing laws. Should the fine be ...

1 month ago



Regulation Asia

## AUSTRAC Fines State Street Over IFTI Reporting Breaches

State Street Bank and Trust failed to report IFTIs on 99 occasions. There is no suggestion that the transactions were suspicious or that there ...

1 month ago



ABC News

## Commonwealth Bank to pay \$700m fine for anti-money laundering, terror financing law breaches

CBA will pay \$700 million plus legal costs after federal financial intelligence agency AUSTRAC last year accused bank of serious and ...

Jun 3, 2018



FINANCIAL REVIEW

## Why \$2b in bank fines was necessary

AUSTRAC boss Nicole Rose doubts the banks would have spent millions of dollars fixing their systems without the \$2 billion in fines the regulator has extracted over the past two years.

Sep 25, 2020



## Banking Executive Accountability Regime:

Set out in Part IIAA of the Banking Act 1959, establishes accountability obligations for authorised deposit-taking institutions (ADIs) and their senior executives and directors. The regime also establishes, among other things, deferred remuneration, key personnel and notification obligations for ADIs.

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# Growth strategy progress

## Deliver

- ✓ Investec Former Head of Payments joins
- ✓ Raised \$7.9million
- ✓ Mastercard and HomeSend implementations
- ✓ First customer goes live with Request
- ✓ First customer goes live using Overlay+ to report to AUSTRAC
- ✓ Full-year customer receipts up 45%
- ✓ HSBC renews for another 3 years



## Land

- ✓ Mastercard and HomeSend join customer list
- ✓ Won Citi 2020 Mega FinTech Accelerator
- ✓ Named 'One to Watch' by Regulation Asia
- ✓ Novatti signs 3 year licence to automate AUSTRAC reporting



## Expand

- ✓ Won Sibos Pitch Perfect Competition
- ✓ Deloitte's APAC Technology Fast 500
- ✓ Deloitte and ASIC veteran joins the Board



## Innovate (Connect)

- ✓ Granted patent approval in the United States
- ✓ ISO 27001 certification granted
- ✓ Overlay+ SaaS development commences and first customer announced
- ✓ IFTI-DRA functionality developed and first customer announced



## Payble

- ✓ Launched Payble, to fix late and failed payments before they happen
- ✓ Payble received seed investment from CommBank's x15Ventures
- ✓ Payble receives additional \$1M from x15ventures
- ✓ Payble signs first energy retail customer
- ✓ Payble attracts top talent from BPay



# FY21 financial performance

	Value	LY var	LY \$	LY %
Customer revenue	\$1.4m	↑	\$0.4m	45%
Total revenue (incl. grant income)	\$2.7m	↑	\$0.6m	31%
Operating costs	\$8.6m	↓	\$0.6m	6%
Loss for the year	\$5.8m	↓	\$1.3m	18%

# 634%

Growth in  
revenue from  
customers over  
four years  
(FY18-FY21)

# Patent and intellectual property

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Legacy technology and manual processes cost financial institutions more than **\$US 305B every year<sup>3</sup>**.

Identitii has patent protected a unique way to solve this problem

## Market Context

When any type of currency moves from one account to another, there is an increasing demand for real-time processing. What holds **real-time payments** up is the need for detailed transaction information, which today is held in a mix of **legacy payment systems** and **shared manually**.

## Changing Standards

**ISO 20022** will allow more information to move with payments, and ultimately will facilitate payments moving between legacy networks such as **SWIFT** and emerging payment gateways like **Mastercard, Ripple, or R3's Corda**. However adoption is complicated and many banks are not looking to migrate until 2025.

## Identitii's Patent

The Identitii platform enables the global financial services industry to migrate **more than 10 billion payment messages** per year to ISO20022. The Company's ambition is to deploy the patent it owns and connect Identitii customers with its platform to create an **Identitii-owned and operated global ecosystem for financial information**.



# Payble – monetising technology

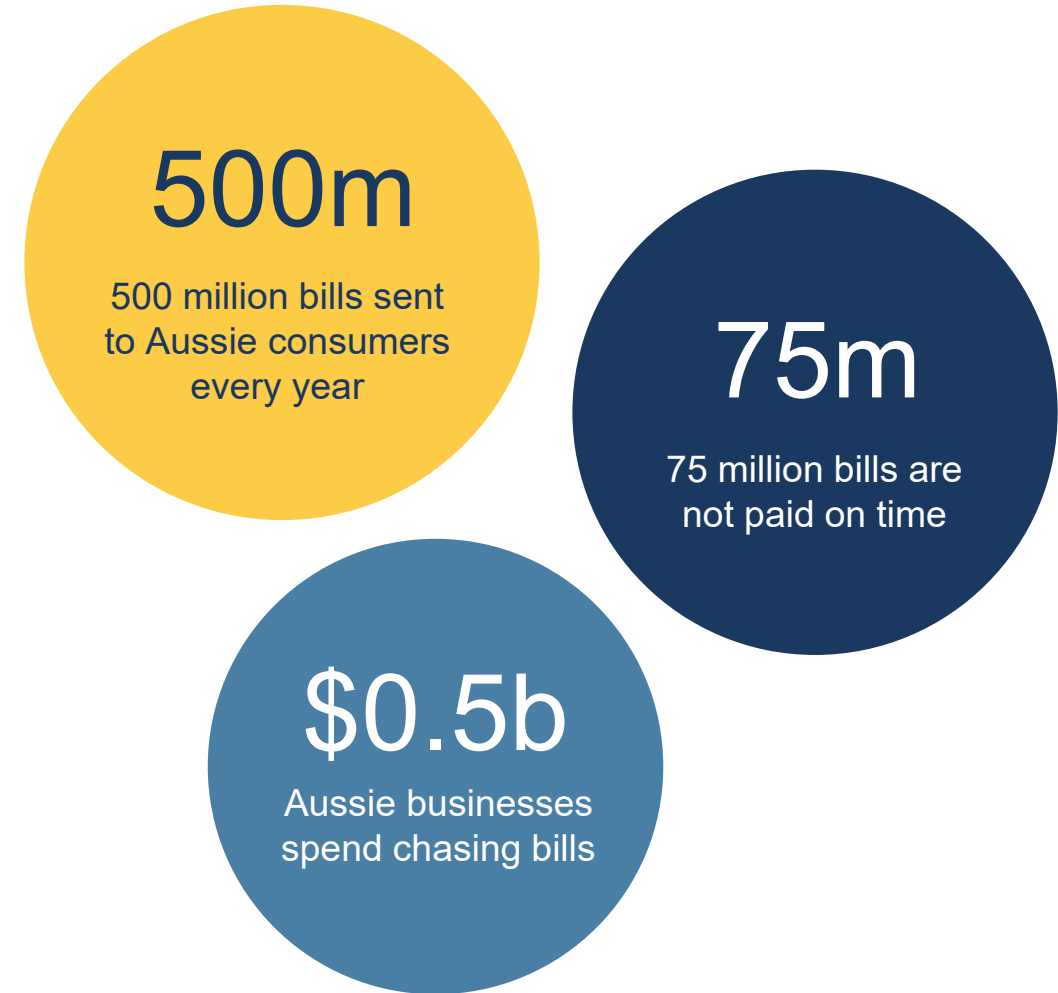


Payble is creating a world where failed or late bill payments are a thing of the past for businesses and consumers

Identitii maintains a 60% stake in Payble, alongside CBA's x15ventures which invested \$1M for a 22% stake in 2021

## Key milestones:

- Payble was founded by Identitii, to monetise previous technology investment in Loot
- Today it is targeting Australian businesses and consumers, frustrated by the direct debit experience
- \$1 million invested by CommBank's x15ventures, their first minority stake
- First energy retail customer signed contract in 2021



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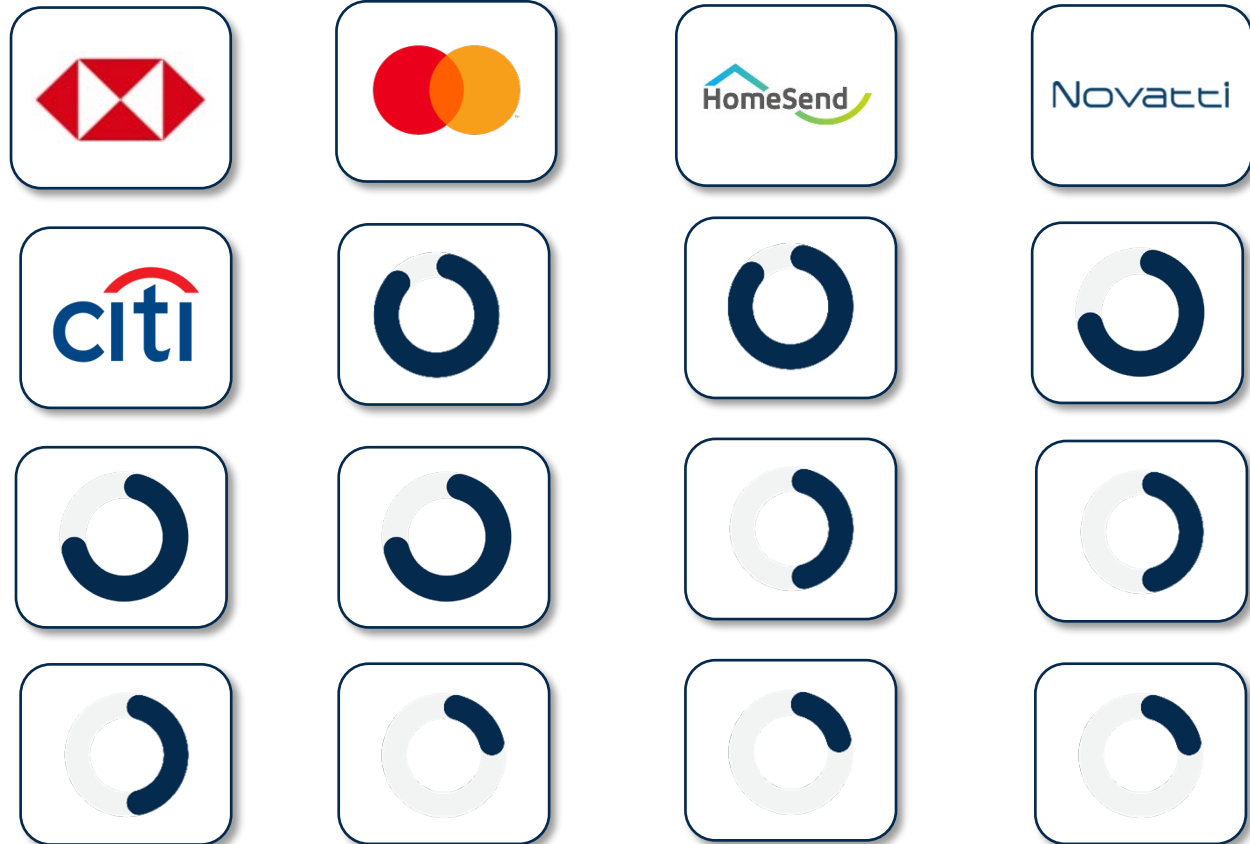
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# Our focus on large customers



## Focus to-date:

Large volume reporting entities:

- Global banks
- Australian banks

## + New (SaaS):

Small volume reporting entities:

- Credit Unions
- Money Remitters
- Super Funds
- Insurance Funds
- Casinos



# Plus thousands of smaller customers

SaaS customers sign a software agreement and commence using the Overlay+ platform almost immediately

- Delivers a new additional revenue stream
- Significantly expands Total Addressable Market
- Speeds customer acquisition
- Greatly expands customer base to include:
  - Smaller financial institutions
  - Non-bank regulated entities including Casinos, Money Transfer Businesses and Super Funds
- Reduces onboarding cost and complexity



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# References

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1. Juniper Research, 'RegTech: Market Opportunities, Challenges and Forecasts 2021-2025'
2. 2021 Thomson Reuters Cost of Compliance Report
3. Proprietary research conducted by Identitii and SWIFT and Juniper Research, 'RegTech: Market Opportunities, Challenges and Forecasts 2021-2025'



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