Flagright: one-stop solution for transaction monitoring

Deutsche Bank Investment Committee 21/10/2022

Problem: fraud prevention market is underserved for financial technology companies

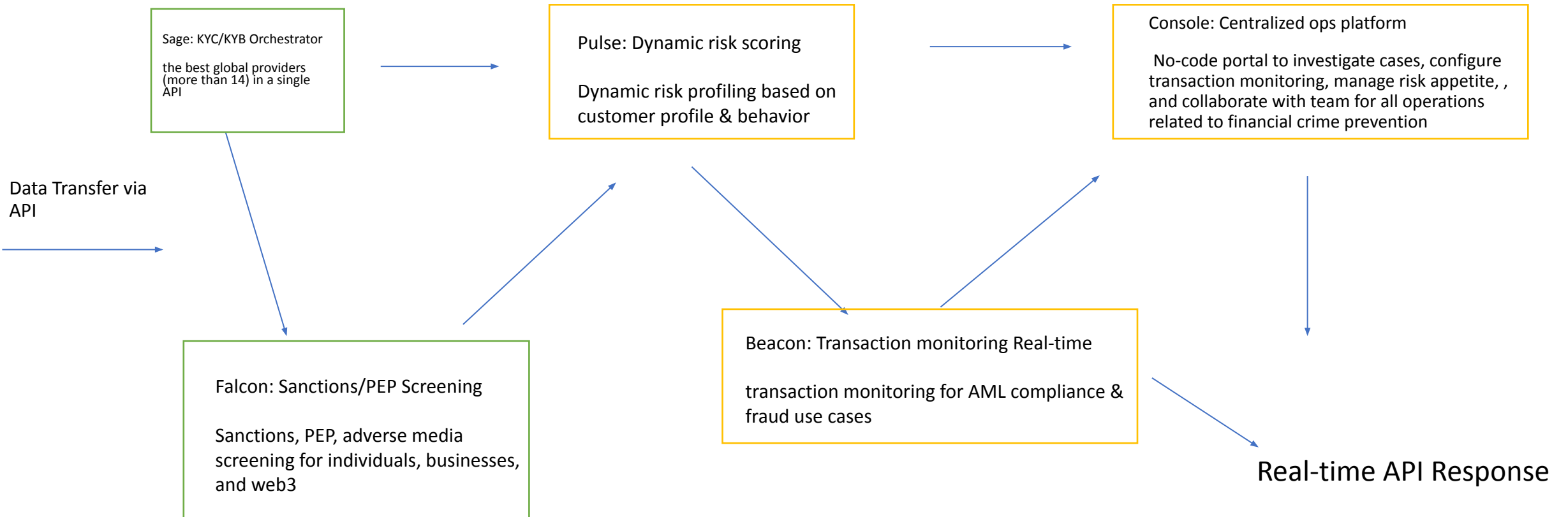Large fintechs invest time, money, and people in developing financial crime solutions in-house

9 in 10 companies expect evolving business, regulatory and customer demands to increase their compliance costs by up to 30% over the next 2 years

Problem is solved by hiring large teams of compliance. From business perspective, it is only costs associated, no revenue generation

There is no real-time solutions with good operational tools on an intuitive user interface

Existing solutions are focused on enterprises, immature on API and developer experience

Not transparent and often expensive pricing

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Flagright provides transaction monitoring technology that supports risk-based thresholds and customer segmenting. Developer-friendly API and no-code back office allows fintechs to quickly setup all required infrastructure for AML and fraud prevention.

Sage: KYC/KYB Orchestrator

the best global providers (more than 14) in a single API

Pulse: Dynamic risk scoring

Dynamic risk profiling based on customer profile & behavior

Console: Centralized ops platform

No-code portal to investigate cases, configure transaction monitoring, manage risk appetite, , and collaborate with team for all operations related to financial crime prevention

Data Transfer via API

Falcon: Sanctions/PEP Screening

Sanctions, PEP, adverse media screening for individuals, businesses, and web3

Beacon: Transaction monitoring Real-time

transaction monitoring for AML compliance & fraud use cases

Real-time API Response

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From a console, companies can set thresholds and actions for different rules based on customer profiles to make "risk-based" decisions and minimize the work required of security teams

Other features include:

Real time	Integration in 4 to 10 days	Risk score based on 160 variables	Standardized and extensible API	API calls/usage-based pricing
< 2 secs p99				
< 700 ms p90 incl. network latency	Pre-configured and customizable rule library	Reporting to regulators	easy-to-follow API docs 70% faster integration than similar solutions	No-code back office

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Only 10 months after launch, backed by Y Combinator and Moonfire Ventures, Flagright already won more than 8 customers in 4 continents
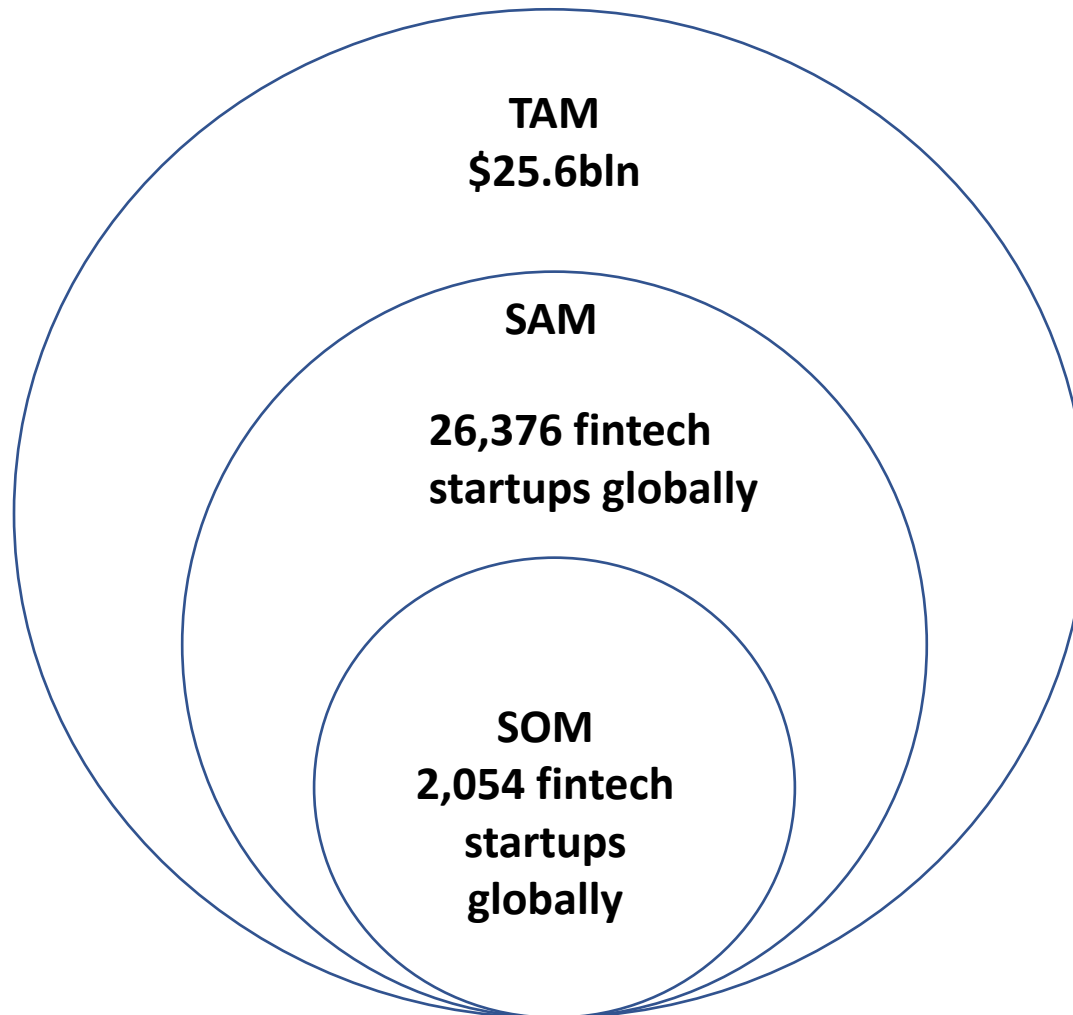
Customer profile: Seed - Series B startups, mostly payment companies

8+ clients
Including

ZIINA

fingo

ivella

nextpay

güeno

ZYWA

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The global fraud detection and prevention market is estimated to reach record $129.1bln in 2029

Flagright

TAM
$25.6bln

SAM

26,376 fintech
startups globally

SOM
2,054 fintech
startups
globally

The global fraud detection and prevention market is exhibited to grow from $26.bln in 2021 to $30.6bln in 2022

As of Nov'21, there were 10,755 fintech startups in the U.S. making it the region with the most fintech startups globally. In comparison, there were 9,323 such startups in the EMEA region and 6,268 in the Asia Pacific region.

Flagright needs to get 1,075 fintech startups in USA, 953 startups in EMEA and 626 startups in Asia as clients to capture 10% of global market share

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Flagright has a considerable set of competitive advantages with its easy-to-integrate, fast, and scalable API

	Flagright (Germany, 2022)	Sardine (USA, 2020)	Unit 21 (USA, 2018)	Feedzai (Portugal, 2011)	Sentinels (Netherlands, 2019)
Usage based Pricing	✔️	N/A	❌	❌	❌
Always real-time with complex data	✔️	❌	❌	✔️	❌
No-code back office	✔️	❌	✔️	✔️	✔️
Easy-to-configure	✔️	✔️	✔️	❌	✔️
Centralized case management	✔️	❌	❌	❌	❌
4-10 days implementation	✔️	✔️	❌	❌	❌
Fast and free customer support	✔️	✔️	✔️	❌	❌

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Fraud prevention startups are raising impressive rounds and are backed by Tier 1 investors

Sep'22: fraud prevention startup Alloy raised an additional $52mln at a $1.55bln valuation 11 months after raising $100mln at a $1.35bln. Alloy is backed by Lightspeed Venture Partners, Avenir Growth, Bessemer Venture Partners

Sep'22: Sardine raises $51.5mln led by a16z (in addition to $19.5mln earlier this year). Investors also include Visa, Google Ventures, ING Ventures

Apr'22: fintech Seon, which specializes in fraud prevention, acquired $94mln in funding from multiple investors including IVP and Creandrum

Nov'21: identity verification startup Socure raised $450mln at $4.5bln valuation from Tiger Global, Accel, Commerce Ventures, Bain Capital Ventures

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Flagright is led by fintech and tech professionals

Baran Ozkan, co-founder & CEO

- 10+ years experience as a product
- 4+ years expertise in compliance and fraud prevention in fintech
- B2B segment revenue growth experience, including Launch in international markets

Madhu G. Nadig, Co-founder & CTO

- 5+ years expertise as a Software Engineer
- one of the first hires for Palantir's office in India
- Worked at Amazon Web Services building no-code automated deployment products
- Developed a Big Data and AI based SaaS platform

Synergies for Deutsche Bank

1) Cheaper price: Deutsche Bank is charged per CPU (by NiceActimize) – i.e. how many CPUs run the software instead of usage based. So, if Deutsche Bank does not process transaction, it still needs to pay a lot of money

2) Saving costs: 200+ employees are responsible for compliance/ fraud check - implementing Flagright allows to save costs as for the current payments volume as well as for the increasing payments activity

3) Competitive advantage: real time fraud check will allow Deutsche Bank to win competition against traditional banks as well as neobanks as DB will be able to considerably increase payments volume

4) Additional revenue streams and product: software solution could be resold to customers or implemented as additional feature

5) Corresponds to go-to-market strategy: last year Deutsche Bank acquired a large payment provider Better Payment. Investment in Flagright corresponds to expansion of the market share in payment processing and acceptance

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