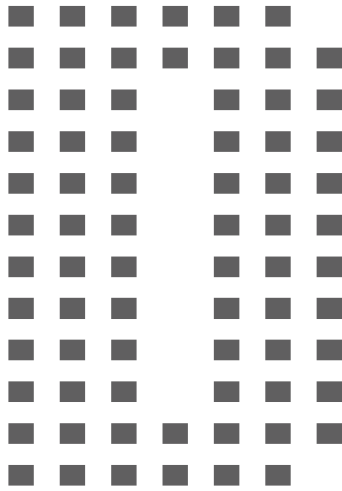


Michael Lucas ✕ BUSINESS DEVELOPMENT DIRECTOR ✕ QGEN

# On top of their game

To solve the problem of improving security while maintaining flexibility, companies need to stay one step ahead of the competition, according to Michael Lucas of QGen



**DELIVERING A THOROUGH** know your customer (KYC) service without putting client security at risk, is a challenge faced by most operators. Upcoming European legislation and the constant threat of fraud is set to change the industry again, requiring companies to be more flexible and secure than ever before. Michael Lucas, of managed solutions specialists QGen, talks to *eGaming Review* about how his company sets the pace when it comes to customer due diligence.

**EGAMING REVIEW (EGR):** QGen's initial focus was on call centres. How has this focus evolved over the past four years? How has the company changed since you joined it?

**MICHAEL LUCAS (ML):** To begin with, a business's main operational cost might be a customer service function and this will be the priority to outsource, as setting up such an operation is non-core, expensive and labour intensive.

As a business grows, the operational costs of other back-office functions will grow as well. For example, verifying applicants'

documents requires an ever-expanding team to complete the task, taking into account pressures to maintain a service level that ensures high acquisition rates. This can quickly become very expensive, especially for those operators targeting an international customer base where multiple language requirements become a necessity.

QGen has developed its services to meet this growing demand to outsource risk-related office functions rather than just the traditional customer support. Whether this has been through the development of software, or recruiting experts in particular fields to manage certain functions, QGen has grown to meet the requirements of our clients and the regions they operate in.

Since joining QGen, my focus has been on keeping abreast of regulatory changes across many regions to ensure that we understand our customer's obligations. With this knowledge, we are able to offer solutions that match their requirements.

**EGR:** What product are you most excited about at the moment?

**ML:** Personally, I think our Multi Media Messages (MMS) platform is a truly unique and global solution. We have pioneered document submission by mobile phone

whereby consumers can submit their documentation by simply taking a photo of their ID with their mobile phone and instantly submitting the document by MMS. For our existing customers, this has significantly boosted customer acquisition by simplifying and accelerating the customer journey. The mobile phone is a far more readily available tool globally than, say, a fax machine or scanner, so not only does this technology simplify the journey, it significantly increases the target market for our operators.

This technology is completely white labelled and can be simply integrated into an operator's existing application process. A good example of its effectiveness is around big sporting events when there are always significant peaks in applications. Being able to offer opportune punters such a simplistic channel for applying helps to keep an operator's acquisition rates high, without increasing risk.

**EGR:** How successful have you been in combating fraud so far this year? How do you plan to stay ahead of fraudsters in the future?

**ML:** Fraud, or money laundering, is always a hot topic and the costs are certainly not just limited to the actual financial costs. We believe

**We are always developing our relationships with third parties to ensure the data we are using is as up to date as possible. Knowledge is the key to combating fraud**

Michael Lucas



that the manual KYC process is far more burdensome for those wishing to commit fraud and obviously the costs involved for a fraudster are significantly higher once they start having to produce convincing physical documents.

This year has been a good year for us and despite the tens of thousands of applications we approve a month, we have yet to approve an applicant who has gone on to commit fraud. This is testament to the diligence of our staff and the systems and controls we have in place, which have successfully identified all fraudulent applications.

QGen will continue to be involved in as many relevant forums and round table discussions as we can, so that we keep abreast of industry trends and any recognised changes in fraudulent money orders. We are always developing our relationships with third parties and partners to ensure that the data we are using is as up to date and accurate as possible. Knowledge is the key to successfully combating fraud.

**EGR:** What are the traditional issues with KYC technology? What challenges do you foresee in the coming years? How is QGen overcoming these problems?

**ML:** As with combating fraud, KYC technology (electronic verification in particular) is only as good as the data it uses. In certain countries and regions, such as the UK, US and Scandinavia, there is a wealth of shared data

that makes verifying someone electronically a simple solution for both the business and the consumer. While you might expect to get a pass rate electronically of 80% or better in these countries, once you start looking further afield to the developing markets, such as Eastern Europe and the Far East, the available data starts to diminish pretty quickly.

We believe we provide a cost-effective solution which compliments most operators' standard customer due diligence process and provides a channel so that they are no longer restricted to target markets by the availability of data to meet their regulatory obligations.

**EGR:** How have the changes in international requirements in KYC for games companies across Europe affected QGen?

**ML:** The recent laws implemented by the French and Italian governments have really changed the customer due diligence, or KYC process, for operators, as the local regulators are now insisting on identity documents being received as part of the initial application process.

We are working with our clients to see how we can help to manage these changes – especially if one of these countries is a large part of an operator's customer portfolio. We must ask ourselves: "What other measures can we introduce to the KYC process to make it as simple a journey for the customer as possible, while ensuring that the client meets their regulatory requirements?"

It also appears that this request for documentation is going to be introduced by other countries in the near future. We hope that by developing new technologies, and having already had the experience to streamline and perfect our processes as much as possible, we can continue to support operators in the face of these future changes.

**EGR:** How do you imagine QGen will continue to evolve over the next four years?

**ML:** QGen aims to be a one-stop shop for our clients for all of their risk management and back-office needs, giving them the time and resources to focus on their core business. We will maintain focus on our principle risk management services of KYC, fraud monitoring and corporate due diligence, and will constantly be adding to and improving our offering to further consolidate our position as market leader. We will invest in the latest technologies so we can offer the most effective and contemporary solutions to clients who are hoping to cut costs by using our expertise and shared resources. At the same time, our knowledge base will continue to grow, allowing us to support our clients in their expansion into developing and exotic markets.

We are also planning on becoming authorised by a supervisory body which will enable us to provide regulated services which will complement our existing offering. ♦