LexisNexis
RISK SOLUTIONS

LexisNexis® ThreatMetrix® Helps LiveMe, a Popular Live Streaming App, Address the Growing Risk of Money Mule Activity in the Digital Economy

AT A GLANCE

CUSTOMER

LiveMe

REQUIREMENTS

- Robust defense against fraudulent activity
- Protection from the growing risk of 'money mules'
- Improved risk management
- A solution that can adapt with a rapidly expanding business

SOLUTION

Implementing LexisNexis® ThreatMetrix® and Digital Identity Network® has allowed LiveMe, the popular and fast-growing live broadcasting platform, to identify and prevent suspicious transaction activity and effectively manage money laundering risk, without any impact on user experience.

BOTTOM LINE

- Strong defenses against malicious activity and money mules
- Minimal impact on the LiveMe user experience
- Improved risk management across the organization
- Confidence that increasing regulatory obligations will be met
- ThreatMetrix is fully scalable and will adapt as LiveMe's geographical reach grows
- Fast, easy deployment and straightforward integration with the platform

" The platform has many powerful functions —we use the log query function, for example, to help us uncover hidden risks." — LiveMe

Overview

LiveMe is the world's fastest growing live video broadcasting platform, connecting content creators—including musicians, DJs, actors, comedians and storytellers—with their fanbase. Since it was launched in 2016, LiveMe has reached more than 84 million users worldwide and in 2018, was named one of Fast Company's Most Innovative Companies.

LiveMe gives its content creators the ability to earn significant income through the app's virtual economy—the platform's functions include e-wallet top-up, virtual gifting and cash withdrawal. But as the platform has grown in popularity and added users there is rising concern over money laundering risks in the digital economy. The increase in potential risks led the company to focus on upgrading its risk control capabilities.

LiveMe's success depends on its customer experience—users are typically young adults who have grown up immersed in technology. It was critical to the business that this user experience—and the company's purpose to connect global users, cross cultural barriers and establish a content ecosystem—was not impacted in any way.

Business problem: Virtual assets are the next magnet for financial crime

Money laundering is an enduring problem worldwide—it is estimated that the amount of money laundered globally every year amounts to between 2% and 5% of global GDP, or between US$800 billion and $2 trillion[1]. The digital economy has created new opportunities for money launderers—the Financial Action Task Force (FATF) has warned that virtual assets 'risk becoming a virtual safe haven for the financial transactions of criminals'[2] and recommends that jurisdictions apply its anti-money laundering (AML) standards to virtual asset service providers.

Money mules—people who are used, often unwittingly, by criminals to transfer and disguise the origin of illicit funds —are a growing problem in the digital payment economy. An annual European Money Mule Action (EMMA), coordinated by the European law enforcement agency Europol, has targeted money mule schemes. Its latest operation in 2020 identified more than 4,000 money mules and almost 5,000 fraudulent transactions[3]. A simultaneous effort by the US law enforcement agencies resulted in action against 2,300 mules[4].

LiveMe's concern was that criminals could use money mules to launder funds by topping up wallets on the platform and transferring the funds to other bogus users before the cash was withdrawn—making the source of the money almost impossible to trace. The offering of free AngBao, or Red Packet gifts, to new users in some countries in Asia was seen as another risk area for the company, as a user could set up multiple new accounts to access the gifts before withdrawing the cash.

LiveMe's priorities were to increase security and minimize risk without impacting the user experience, and to make sure it could continue to efficiently and effectively meet the increasing AML regulatory demands of jurisdictions in which it operates.

Solution: LexisNexis ThreatMetrix allows LiveMe to establish the digital identity of users, in near real time

LiveMe wanted to be able to accurately detect malicious activity while continuing to deliver personalized, secure transactions for its users. The key was to rapidly establish and check the identity of users, and accurately detect potentially criminal behavior. Any solution needed to integrate seamlessly with the platform and cope with its rapid growth; the global livestreaming market is expected to be worth US$124 billion by 2025[5].

LexisNexis ThreatMetrix and Digital identity Network, trusted by more than 5,000 leading global brands worldwide, provides a rapid and multilayered analysis of user identity and transactions, in a way that is imperceptible to anyone using the LiveMe app. This allows LiveMe to spot and stop fraudulent activity before it happens, making decisions about user trust in near real time, without affecting the experience of genuine users.

LexisNexis® Digital Identity Network® draws on global shared intelligence from millions of daily consumer interactions across multiple industries, including device identification, true location and behavior analysis. Through analysis of the connections between devices, locations and anonymized personal data, a unique digital identity can then be created for each LiveMe user.

" ThreatMetrix global databases and excellent device fingerprinting capability combine to help us detect malicious activity. It has helped us upgrade our risk control capabilities and save costs. We are exploring the potential for even more operational efficiencies." — LiveMe

This intelligence is used to detect high-risk or unusual behavior that deviates from the trusted digital identity, alerting LiveMe to potential fraud. Decisions are continually improved using machine learning and behavioral analytics—helping to build a more accurate risk model and reduce malicious activity still further.

ThreatMetrix and Digital Identity Network brought a number of benefits to LiveMe:

- **The ability to leverage huge amounts of transactional data**

- **Clear visibility of digital identities—the system combines a unique identifier, a confidence score and a visualization graph to provide comprehensive insight into users**

- **A seamless experience for users**

- **Privacy—customer data remains confidential**

- **Fast, easy deployment—the cloud-based solution integrates easily with existing systems**

For more information, visit risk.lexisnexis.com/ThreatMetrix

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About LexisNexis Risk Solutions

LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com and www.relx.com.

About ThreatMetrix

ThreatMetrix®, A LexisNexis® Risk Solutions Company, empowers the global economy to grow profitably and securely without compromise. With deep insight into 1.4 billion tokenized digital identities, LexID® Digital delivers the intelligence behind 110 million daily authentication and trust decisions, to differentiate legitimate customers from fraudsters in near real time. ThreatMetrix and Digital Identity Network are registered trademarks of ThreatMetrix, Inc.

[1] Source: United Nations Overview (unodc.org)
[2] https://www.fatf-gafi.org/publications/virtualassets/documents/virtual-assets.html?hf=10&b=0&s=desc(fatf_releasedate)
[3] 422 arrested and 4,031 money mules identified in global crackdown on money laundering | Europol (europa.eu)
[4] U.S. Law Enforcement Takes Action Against Approximately 2,300 Money Mules In Global Crackdown On Money Laundering | OPA | Department of Justice
[5] The 9 Critical Livestreaming Statistics Marketers Must Know (mediakix.com)