

SWIFT Operational Update

Melbourne, 6th December 2019: iSignthis Ltd (ASX: ISX | DE: TA8) (“the Company”) is pleased to provide the following update to market.

ISX has relied upon a number of Australian banking partners to assist it with its SWIFT transfers to various international jurisdictions under a Tier 2 arrangement. The Company has been a client of various Australian banks and has relied upon those banks and their SWIFT systems in the past.

Due to the various problems faced by Australian banks, including a number of AML failures, the Company is no longer in a position to reliably conduct SWIFT transfers originating from Australia.

ISX is currently in the process of putting in place its own Tier 1 arrangements via the European TARGET2 framework that will allow it to incorporate its Paydentity™ platform into incoming and outbound transactions and ensure that it is independent of 3rd party banks for SWIFT transfers. Information on TARGET2 can be found here <https://www.ecb.europa.eu/explainers/tell-me/html/target2.en.html>

Paydentity™ is an advanced anti-money laundering, anti-fraud and anti-crime systems that screens transactions in real-time. It can screen inbound and outbound SWIFT transactions from the external sender or to the external beneficiary in real time against law enforcement, sanction, politically exposed person lists, and court databases, ensuring the integrity of transactions executed by ISXPay®. ISX IBAN account holders are subject to customer due diligence processes at account opening.

In conjunction with Paydentity™'s Know your Customer's Customer (“KYCC”) function, ISX has the ability to determine whether the initiator of a transaction is, in fact, the person(s) authorised to operate the sending account and can verify the identity and screen the sender. When using its own Tier 1 infrastructure, the Company is able to detect and report Suspicious Matter Reports in real time to financial intelligence units.

The ability to offer SWIFT outbound capability contributes to the attractiveness of the IBAN based ecosystem, and ultimately inflow GPTV. ISXPay® sends and transmits monies via the Single Euro Payments Area (“SEPA”) network to over 4300 European banks, but also relies on SWIFT transfers for bidirectional transfers outside the European Economic Area (“EEA”) / European Union (“EU”) based SEPA network.

As a consequence of ISX temporarily suspending outbound SWIFT (but not inbound), there will be a softening in the growth of GPTV until end of February, with the FY2019 impact to be factored into the revised earnings guidance to be issued next week. ISX will still be able to receive monies from outside the EEA/EU and distribute within the EEA/EU via its own Tier 1 SEPA connectivity.

The Company's own independent SWIFT Tier 1 facilities are anticipated to be operational by end-February to mid-March 2020, utilising the EU's TARGET2 central-bank to credit institution (bank) infrastructure. As such, the temporary outage and transition to own facilities will ensure that the Company does not suffer contagion from other banks.

Paydentity™ integration with banking partners is an option via an integration between ISX's various systems and their SWIFT platforms. Unfortunately, it is unlikely to culminate in any operational facility with any prospective Australian banking partner in the short-term to service ISX's SWIFT requirements. However, the Company will pursue opportunities to offer its Paydentity™ real time AML transactional monitoring system to banks as part of a standalone service, or in conjunction with its APRA CPS234 compliant CORE banking platform, Probanx™ CorePlus.

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