

Elucidate's Risk Pricing

Price your respondent's fees based on financial crime risk



OVERVIEW

In the current market approach, banks charge respondents fees based on volume, regardless of the risk exposure involved in the transaction. Currently, as the transaction volume increases, the fee per transaction decreases.

By being evaluated based on volume, market participants are not incentivised to upgrade their financial crime controls for high-risk transactions. Due to this, all stakeholders are prevented from participating in a fair, objective process, where pricing accurately reflects risk and ensures trust between all parties.

PROBLEMS WITH CURRENT PRICING MODELS

- Correspondent banks receive limited information from counterparties, hindering dependable evaluations that could impact revenue generation
- Lack of transparency on how pricing is evaluated hinders trust and causes friction in business relationships
- Banks are forced to rely on another's risk appetite and subjective control systems
- Multiple regulatory, political and financial systems limit standardisation in pricing evaluation
- Payment chains are complex, involving numerous intermediaries with competing criteria and processes

BENEFITS OF RISK-BASED PRICING

- Correspondent banks can streamline decision-making through objective data-driven algorithms
- Correspondent banks are not required to de-risk in potential growth markets, since risk-based pricing provides tools to evaluate the level of financial exposure and price fees accordingly
- The ability to generate new revenue is created whilst offsetting risk management costs
- Respondent banks are incentivised to mitigate financial crime risk, as the cost of risk is allocated to the point of origin
- Customers have visibility on why they are receiving fees at different rates and how to reduce them

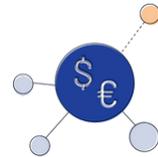
IMPACT ON THE MARKET



Banks participate in a trust-based system with increased transparency



Risk-based pricing ensures a global standard for financial crime prevention



Banks can access high growth markets and fuel business relationships

KEY FEATURES

- ✓ Set and monitor your business's risk appetite based on quality assured data
- ✓ View the risk to your portfolio when interacting with respondents
- ✓ View data-driven pricing adjustments based on key metrics
- ✓ Choose to set pricing for groups of transactions with the same risk profile and score
- ✓ Provide objective incentives for your counterparties to manage financial crime risk
- ✓ Communicate risk metrics to external stakeholders
- ✓ Secure responsible and profitable clients through benchmarking relationships that support sustainable market expansion