NETKI
Customer Story

Bringing Compliance to OTC Trading

CMTDIGITAL

When CMT, a twenty-two year old, opportunistic Proprietary Trading firm, launched an Over-The-Counter Cryptocurrency Trading business, CMT Digital, they saw its great potential. The cryptocurrency OTC market is a $285 Billion market with investors from all over the globe. "We have customers from Europe, Asia, North America, and we continue to add more," says Tim Stoner, Chief Compliance Officer of CMT Digital. But with that huge opportunity and global customer base, there was also a significant risk. Fraud, hacking and scams have hit this market hard. According to Bitcoin.com News, approximately $9.1 million of cryptocurrency fraud takes place every day. "It's a little bit of the Wild West," says Stoner.

Furthering the challenge was the myriad of regulations that any company involved in financial trading faced. Complying with "Know Your Customer" (KYC) and Anti-money laundering (AML) requirements can drain resources from organizations, driving up costs and slowing down the onboarding process for new customers. Once of CMT's affiliates has an existing operation in the UK which is doing AML compliance using a completely manual process, "They probably had 20 or 30 counterparties that they were constantly chasing for pieces of paper and data, and where did we store them, and who has them? It made it really challenging to keep track of it all, and then in addition, when we couldn't find information, where did we search for it? We Googled, and we used Dun & Bradstreet,, and then if something didn't jive, how did we fix that?" says Stoner.

CMT Digital knew that a key element of protecting their exchange and the assets of their trading partners was to keep the bad guys out in the first place. They need to find a way to ensure their new customers were legitimate and wouldn't put the company and its trading partners at risk, so they turned to Netki.

Netki's Digital ID validation solution gave CMT Digital the ability to automate one of the most difficult aspects of onboarding. Netki created an experience that's CMT branded throughout, to inspire confidence and seamless interaction. When new trading partners, either individuals or business entities, register with CMT Digital, they are asked to fill out a PDF form online.

Once the form is completed, they use a mobile app to snap a photo of their Identification, along with a selfie. Netki then uses biometric analysis and pixel-by-pixel scanning of the photos to verify the ID document is legitimate and has not been tampered, and that the person in the selfie is the same as the person in the photo ID. The process takes less than a minute in most cases.

Netki's solution then checks the individuals and the entity for AML and OFAC compliance, as well as adverse media hits. It brings all the information about each new customer into an easy to navigate dashboard interface, according to Amanda Olson, Operations Analyst at CMT Digital, "A big thing is just keeping everything in one place and being super organized for us because we can go back and check on people, or companies that we previously KYC'd, if we have any questions. It keeps everything in one spot, which is helpful for us." After having used Netki, the idea of doing ID Validation manually is unthinkable," It would probably be an organizational chaos, getting all those documents from all those people, and then actually going through it yourself and keeping them in a good spot, so you can go back and check. That would be kind of a nightmare," says Olson.

Stoner describes CMT Digital's relationship as something very integral to their operation. "When we've asked for changes to the system, when we've asked for extra things to be added, or things to be stored, there was a sense of, okay, let us figure out how we can do that. You're not just consuming a product that a vendor is offering, you are actually relying on them to take over this section of your operations that allows you to focus on other things". Netki has helped him be more confident and productive. "I sleep a lot better at night knowing that somebody else, who's got a robust system, has done that groundwork for us. I don't have to worry about that."

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Operations Analyst
for CMT Digital