

KYC VERIFICATION IN GAMING INDUSTRY

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OUTLINE

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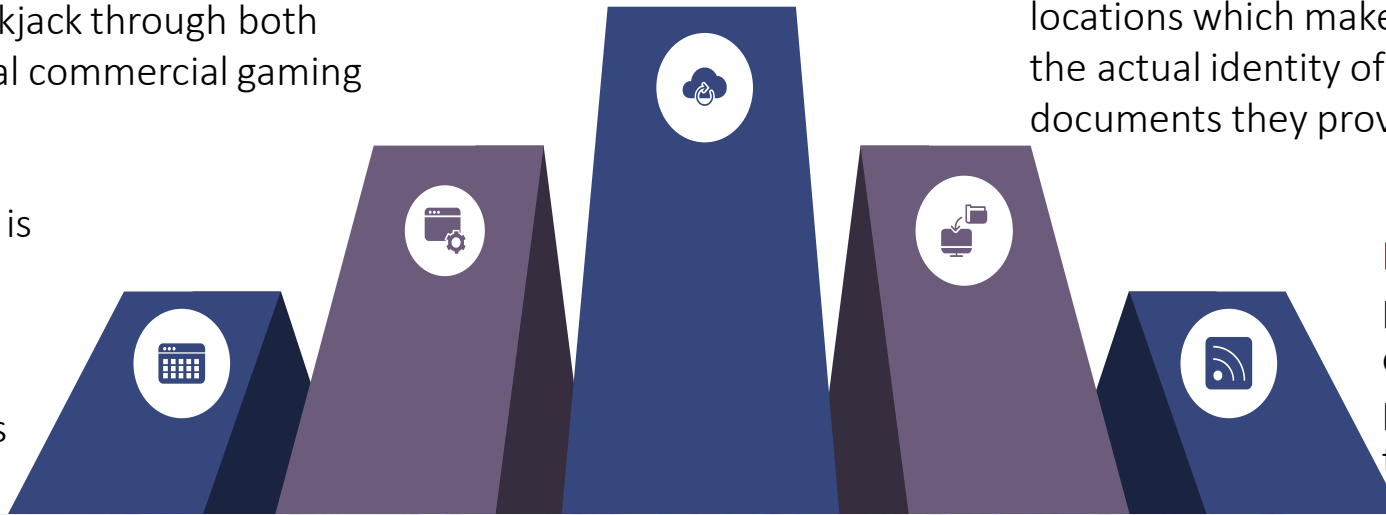
B. Nigerian punters can access a variety of regulated digital games like sports betting, lotteries, slots, table games like poker and blackjack through both domestic and international commercial gaming operators

C. The large data collected by gaming companies make them targets for cyber crimes as their popularity grows

D. The online nature of gaming transactions means that punters register and play games from remote locations which makes it difficult to identify and verify the actual identity of punters or the validity of the documents they provide

E. Regulators and gaming service providers are adjusting their operations, processes, and procedures to protect punters and the security of the platforms

F. The NLRC is not left out in developing and implementing robust mechanisms for compliance by gaming operators to secure the confidentiality, integrity, availability and resilience of the information they collect, store and process



KYC VERIFICATION PROCESS



A. The Nigerian gaming industry adopts these processes with reference to the CBN's AML/CFT regulation, 2009 (as amended), to ensure that their operators, agents and customers fully comply, and their identities are verified

B. The objective of KYC is to ensure that businesses are prevented from being utilized for criminal activities

C. Special Control Unit against Money Laundering (SCUML), a government agency established in 2005 with a responsibility to ensure compliance on anti-money laundering /combating the financing of terrorism (AML\CFT) in Nigeria

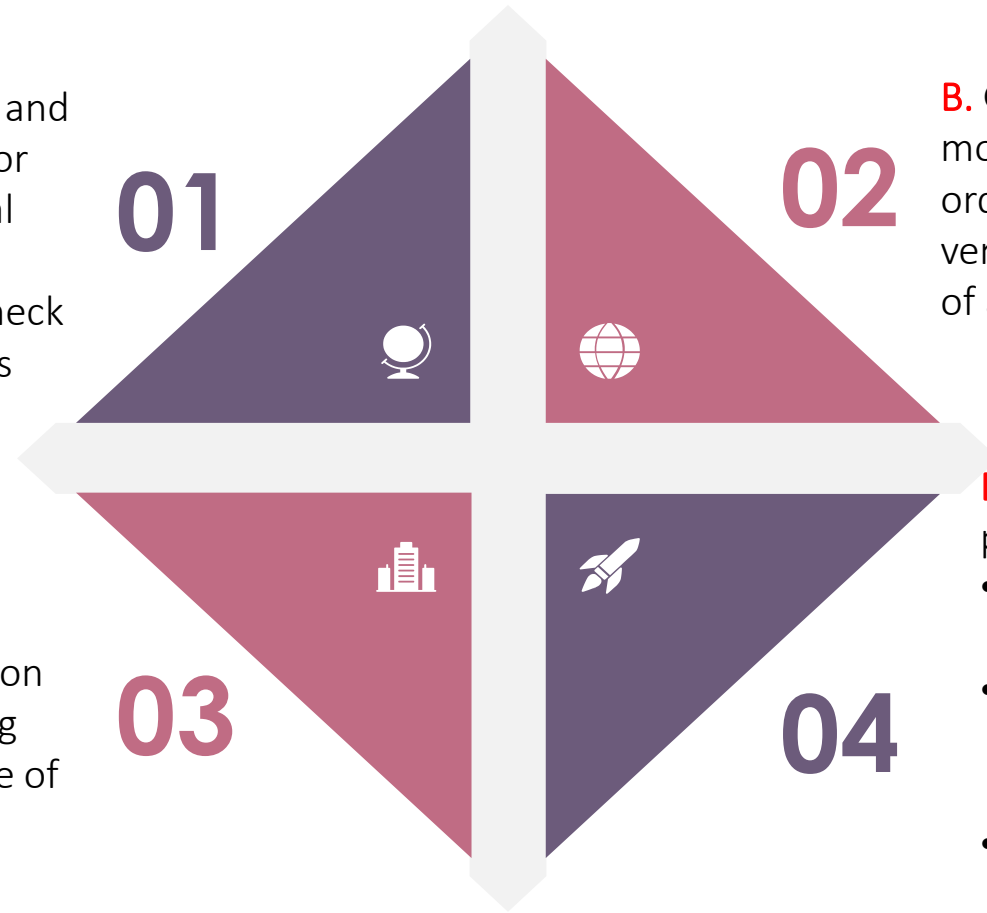
D. Every prospective gaming operator is expected to obtain a clearance certificate from SCUML as part of the requirements of the application process

E. All licensed gaming operators are obliged to submit verified KYC reports on all their online registered punters to the commission on a monthly basis

IMPLICATION FOR REGULATORS, OPERATORS AND STAKEHOLDERS

A. For online gaming sites, the use of cutting-edge digital identity verification and authentication would lessen the need for paper documentation. Due to the digital age and domicile verification, physical providers would no longer be able to check the legitimacy of government-issued IDs

C. The Nigerian data protection regulation (NDPR) must also be followed by gaming providers in order to prevent the misuse of their customers' private information.



B. Gaming platform providers can modernize their digital infrastructure in order to transition from the current manual verification system to one that makes use of a network

D. To protect users from data loss, gaming platform providers must:

- Consider services that provide identifying characteristics like age and residency
- Release providers from the responsibility of maintaining personally identifiable data storage
- Provide more Personal Identifiable Information, support KYC/AML requirements for compliance
- Enable services like direct transfer to the customer's financial institution to simplify the pay-out process

IMPLICATION FOR REGULATORS, OPERATORS AND STAKEHOLDERS



- **A.** One out of every 23 digital gaming transactions globally is fraudulent, with attack rates for account creation transactions (5.6%) and payment transactions (4.6%)
- Suppliers must therefore implement robust cybersecurity measures to lessen the risk of gaming fraud and network security vulnerability



- **C.** Service providers must work to stay ahead of the curve in order to protect the integrity of their platforms.
- Previously, there was no accepted legal definition of digital gaming, legislators in Nigeria are fighting to modernize a fragmented set of legislative frameworks designed for the standards of traditional gambling



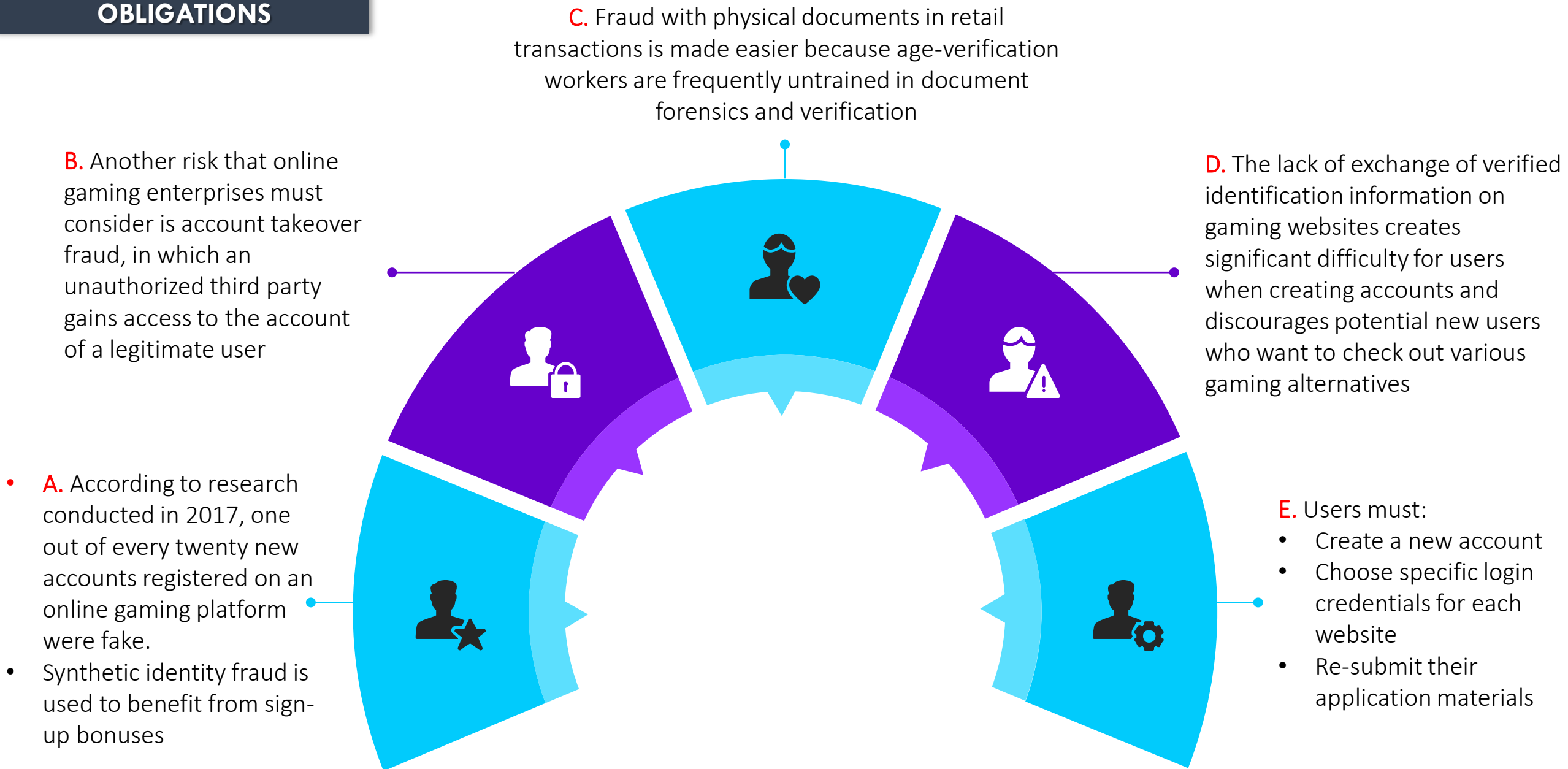
- **B.** The Commission may support gaming providers in spotting attempts at synthetic account creation and account takeover by mandating identity attributes with institutional backing.
- In addition to reducing the likelihood of financial losses, this boosts client confidence in the service provider



- **D.** Better security and data protection procedures need to be implemented by both private enterprise and regulators to keep up with the high rate of innovation in this still-evolving field



KYC GAMING OPERATORS' OBLIGATIONS



THIRD PARTY VERIFICATION PLATFORM BENEFITS

B. Effective and secure verification via 3rd party online verification platform would improve user access, onboarding, and cashing out

D. For simpler onboarding, the approval process needs to be streamlined so that users may easily supply identifying information without manually scanning documents

F. 3rd party verification platforms also provide a solid foundation for implementing stronger digital identity procedures for the regulated gambling sector

H. Gaming businesses can take advantage of opportunities for cutting-edge digital gaming possibilities while safeguarding people and institutions



A. Online gaming is increasingly growing, but players are turned off by lengthy onboarding procedures and a lack of provider mobility

C. Such digital services will be able to increase user engagement and prevent account creation abandonment by improving the user experience, reducing the complexity and duration of the onboarding process, and transferrable identity features

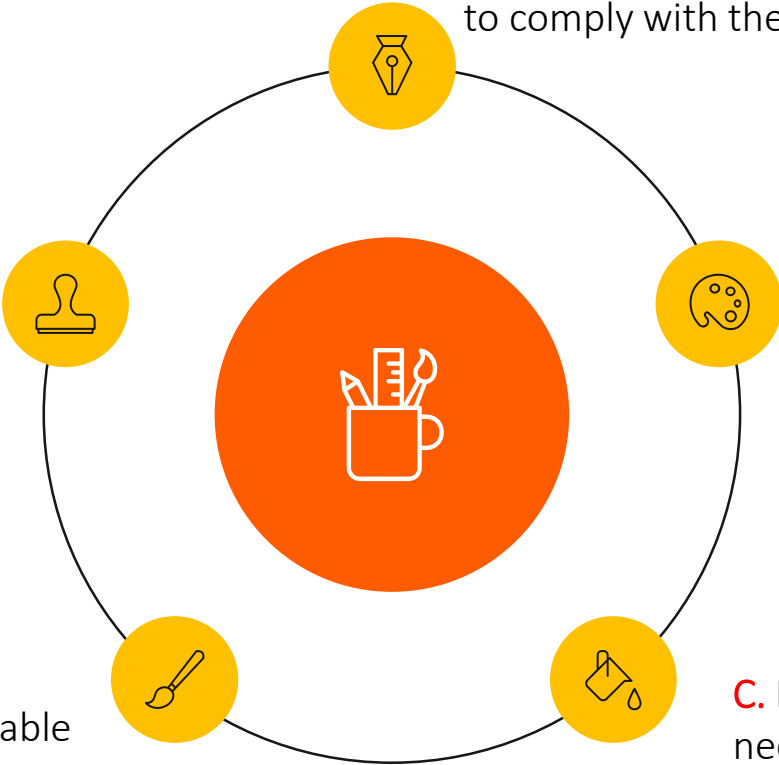
E. Using 3rd party verification platform, gaming operators can provide efficient authentication to returning gamers rather than demanding different credentials for each additional gaming service

G. They also contain solutions that make it easier for the identification network to:

- authenticate user identities
- ensure security
- compliance and legal payments
- strong registration
- account recovery services

E. In the absence of remote, digital identity proofing solutions, this complicated identity verification method increases unnecessary administrative complexity and fraud risk

D. Utility bills, bank accounts, and driver's licenses are just a few of the readily falsifiable papers that users must scan and send



A. The NLRC anticipates a future where every user of an online gaming platform must have their identity, age, location, and payment verified by a digital gaming provider in order to comply with the law

- **B.** This verification process still requires copies of actual identity documents in order to complete transactions.
- Uploaded papers are frequently transferred to third-party suppliers for verification before customers are given access to online services

C. In addition to this, it is frequently necessary for users of online gaming services to upload individual proof for each service they use

