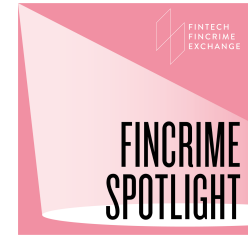


FinCrime Spotlight Season 1

Willem Wellinghoff - Shieldpay



Transcript

Gemma Rogers 0:05

Welcome to the first season of FinCrime spotlight, which looks to understand the person and the stories behind the FinTech FinCrime compliance officers who are building and shaping the future of financial services. I'm Gemma Rogers the co-founder of FINTRAIL. And I'll be sitting down with members of the FinTech FinCrime Exchange (FFE), a global community of FinTech anti-financial crime professionals who are leading the fight against financial crime at the most innovative technology companies. We will seek to understand their journeys to where they are now. What has defined their career and how the changing face of financial services and the crimes the industry is exposed to challenges them both personally and professionally. If you've ever wondered how the world of financial services is evolving, and what that means for the financial crime professional, this is the series for you.

Welcome to FinCrime spotlight podcast. That looks to understand the person behind the financial crime officer. In this episode I, Gemma Rogers, the co-founder of FINTRAIL, will be sitting down with Willem Wellinghoff, the chief legal and compliance officer for Shieldpay, one of the most innovative technology companies out there. So Willem thanks so much for joining us today. Really excited to have you along. Before we get into the questions Willem it would be great if you could share a quick overview of Shieldpay.

Willem Wellinghoff 1:26

First of all, Gemma, thank you so much for allowing me to be part of this podcast. It's very exciting. So Shieldpay is a digital payments company that focuses on escrow and conditional payments, primarily focused on the high value transactions and securing the most important transaction of your life.

Gemma Rogers 1:47

As we've agreed, I've got a few questions that we wanted to ask you today to really delve into what it means to be a compliance officer in the FinTech industry. So I'm going to kick it off with a broad discussion about your background, so really interested in the fact that you studied law as an undergrad. What prompted that choice? And what did you enjoy most about studying it?

Willem Wellinghoff 2:09

So why did I decide to study law? It's a really interesting question. For me, I loved solving problems. And that has been emanating through every part of my life from very young. So when I found an opportunity to help solve problems, it seemed like law was a natural choice. I grew up in Belgium and decided then, you know, after spending about 16 years, originally being born in

the UK, but 16 years in Belgium, I decided my heart was in the UK, so came back in 2000 and study law in London, and loved every single part of it. But what was the real true fascinating point was how the English legal system is based on common law and what that means is that basically it's, it's based on case law, and reading into that it's actually really quite fascinating. One of the last parts of the course was, you know, topics that you could choose and I decided being a musician at heart and everything else, you know, in entertainment that I've been through entertainment law is something that I wanted to pursue, and wrote my dissertation about the role of drugs and financial crime in the music scene. So I guess that's where the first element of financial crime came about and the passion that I developed in really bringing financial crime to me as a person being a lawyer.

Gemma Rogers 3:43

That's really interesting. And I possibly wouldn't have drawn a connection necessarily between the role of drugs, financial crime and the music industry. So, I mean, I appreciate you wrote a dissertation on it. But if you could summarise in a couple of sentences, what is that connection between those three areas?

Willem Wellinghoff 4:00

Sure, so I started off with more, kind of, a psychological arm and the whole psychedelic age of music and where, you know, a lot of drug experimentation was being made to create, you know, some fantastic music that you see in the Beach Boys, The Beatles and what have you. But kind of the more, more important aspect was how drugs were being distributed to the mass folk at raves and what have you, and that it was actually pretty unlicensed. Even you know, the way drugs were being handled at big, big music events, and how that was being policed. That's kind of where my dissertation then followed on from and that, saying that with the growth of music events, that it's still going to be extremely difficult to police how drugs make it at these events. And then that's kind of the real focus of the piece of work that I had.

Gemma Rogers 4:58

Brilliant I'd love to read that someday. And so continuing on this almost quite non traditional theme, like that doesn't sound like a particularly typical law degree to that focus and bring together those different industries sounds really interesting, but also pretty, pretty non traditional. You also then kind of took a step in your early career where you didn't go into a traditional law firm and you, you took the decision to join Toyota. So what, what caused that decision and, and what did your role at Toyota involve?

Willem Wellinghoff 5:28

It's a really good question. And it is, indeed, when you start off doing your bar exams, you always think I'm going to be at the court. And I had a real lovely opportunity to spend time in court and shadow barristers in criminal and civil law and yeah, it was very interesting. I loved the advocacy part and being able to present your case, but for me, there was something still lacking for me and I had an opportunity to work in house with a mentor that was given to me at bar school stage, who was the senior in house lawyer at Channel Five. And he knew that I liked

entertainment law and he offered me the chance for work experience there over the summer. And there I saw every element of cooperation with different teams and seeing how law was being brought to life by solving problems and being able to enable business and that really excited me so it was that entrepreneurial spirit together with making sound business decisions with legal insight that that was really, you know, really it for me. But I think what sealed the deal for me back then, was and it was and it sounds very glamorous, was being being able to have the chance to go to filming studios so being on shows that the Wright stuff and productions studios where the films are being edited and being able to provide a legal advice before it was aired. And that for me sealed the deal I was sold and wanted to pursue a career in house. But yeah, what was what was actually quite bizarre is that for me, my wife, who I met at bar school as well, she was specialising in consumer credit law. And I was specialising in corporate law. And I remember very clearly saying how boring consumer credit law appeared. And yet when it came to my first, my first career in house, yes, it was consumer credit and believe it or not, I absolutely loved it. Being, being in that industry and consumer credit and payments. And my wife decided to pursue a career in corporate law so there you go.

Gemma Rogers 7:50

That's brilliant at least you could help each other out in those early days, I like it. Very good. And then what prompted that move into, into compliance? Sort of having had that experience of being in house and then the consumer credit piece, what were some of the challenges you found transitioning into that more compliance world?

Willem Wellinghoff 8:10

Yeah. For me, was when I moved from Toyota into a high growth, consumer credit business a lot of changes were happening at the time, when it, whether it was the industry, whether it was the regulatory environment, you know, you saw the regulator getting more teeth, a lot more discussions were happening with industry. And the company I was with at the time didn't really have a compliance department. Yes, I was the sole lawyer there. So when the opportunity came about to be able to create a compliance department, I jumped at it, especially given the synergies between legal and compliance. And whilst a lot of lawyers really dislike compliance as a role, I don't know why for me, really because it's, it's inevitable that the two are intertwined. So for me, compliance brought me even closer to the everyday operations and how to kind of influence best practise and from there, it's you know, it's being able to make sound business decisions and solving problems in order to enable better business decisions being made. So from there, being able to enhance those compliance standards across the business, led me also working very closely with the trade bodies and industry to enhance those standards and working, you know, with regulators and I just loved that positive impact that I could make for customers and the business alike. So I stayed very close, alongside compliance, legal and compliance, stayed with me for a period of about seven years before, you know, it had to be split and that split was, it was driven by business as well as the growth of the business.

Gemma Rogers 10:05

Yeah, that's great. I think that the point that you make there about how compliance brings you closer to those day to day operational decisions, definitely really resonates with me. And, you know, being able to enhance best practise or deliver, you know, changes and improvements, the way in which business is done is definitely one of the things that I've, I've really enjoyed working in the sector. So yeah, can completely empathise with that.

Willem Wellinghoff 10:28

Yeah, exactly. And I think, you know, if you are, as a compliance professional, closer to those business decisions and closer to, you know, what makes the business tick, it makes you also a much more effective, compliance professional and that agility that you have to adopt. It's just a lot more, you become just a much more effective compliance professional.

Gemma Rogers 10:53

Yeah, another great word, I think, agility, and, and kind of using all of those different skills as well. I think from what I've, I've seen like compliance officers, you've have to have like a huge range of skills. So not just that kind of legal knowledge and understanding of regulation, but also the ability to turn it into something practical. And as you said earlier on that kind of almost that entrepreneurial spirit of like, how do I make this better? How can I, how can I improve things? So yeah, I think that combination of skills is actually really, really appealing and hopefully appealing to a lot of our listeners.

Willem Wellinghoff 11:27

Yeah, completely agree

Gemma Rogers 11:29

Going into a bit more depth then on sort of things like team structures and what have you. What are your thoughts on combining legal compliance and regulatory roles? I know from the work we've done at FINTRAIL, we see companies split these out into separate teams with maybe sometimes separate leads, sometimes they're kind of much more interlinked. In your career, you've kind of straddled probably all three of those different areas. What in your view are the key differences and synergies and how do you think those functions work best together?

Willem Wellinghoff 11:57

I think it depends on what type of business it is and how the business evolves and grows. So, you know, if you're looking at a financial services business at a very early stage, I think you can combine legal and compliance together. But you know, depending on the type of individual you've got, so if you are hiring a true lawyer in that sense, they may not be comfortable taking on compliance because they, they don't know how to engage with that, you know, and they want to be a little bit more remote from from the day to day operations. So that that kind of legal professional would just not be an effective compliance leader. And if you've had that exposure between legal and compliance, I think they can work nicely in tandem because compliance is about you know, effective communication, how you can bring things to life but it has a legal

element to it, and being able to synergize and bring those two together and harmonise it, I think is an exciting, you know, is exciting for for any lawyer or even compliance professional. But I think it does depend very much on the type of structure and individual you are as well as the business. I think when you are a business of some scale with a big team, it is almost inevitable that you would have to separate them out because you can't intertwine them both because of the lines of defence mechanism that you have to adopt. The second line, which is typically, typically compliance has to be completely remote from the first line and you do sometimes see that legal really focuses on the first line making the operations more effective and working with operations. So it depends on the type of business for me.

Gemma Rogers 13:53

Yeah, I agree. There's definitely a client that we work with where I've seen that play out exactly, kind of legal and compliance were sort of of one unified function then gradually as that business grew, that legal function kind of spun out as something that worked very much more closely at the first line, and then definitely that that sort of second line compliance had to become much more independent. So yeah, yeah, definitely. And how about your current role? How does that split play out in your current role? And what and what do you enjoy most about your current role?

Willem Wellinghoff 14:22

What I enjoy the most, I'll start with that. But I think it's the variety and the opportunity. The fact that we are able to make a genuine impact on being able to secure high value transactions, or even the most important transactions of someone's life really makes a difference and bringing that value, you know, that value element to the business is just very exciting for me. So it's the variety and opportunity I mean, besides of course, the people who really share in that value. So in terms of the role itself, It varies an awful lot and, and switches, almost 50/50% split between compliance and legal. So I find myself one moment negotiating, you know, very complicated deals and investment structures and then a call after I'm on a phone call with a client talking about how to integrate and best deal with some compliance structures through the integration. So it's, it's actually quite fun. I do like the combination of the two and wouldn't want to split them out just yet.

Gemma Rogers 15:36

And since you've been at Shieldpay, how has financial crime prevention evolved?

Willem Wellinghoff 15:41

I think for me the way I look at financial crime anyway is, it is still that largely remained the same, the crime is still a crime. But what is really clear is that through the growth of the digital age the scammers and fraudsters have just become smarter and more sophisticated, especially with their weird and wonderful and deep rooted collections of and structures. And more importantly, it's become more real time, you know, it happens almost instantaneously. So I think what has really had to evolve is the digital nature of how we prevent crime from, you know, the data that we take, to the controls we implement, you know, through reg tech solutions, you

know, the identity verification, as a method to, you know, the sanctions to the real time decisioning that has to happen. So I think from a prevention point of view, is, we've become more intelligent to how fraudsters and scammers are operating. But also the technology has allowed us to start really targeting the fraud and scams that really are happening at the core.

Gemma Rogers 17:00

I mean, that's a great point. I think, on kind of the flip side, the piece that I see that's quite concerning is just how easy it is for scams to be promulgated with the use of things like social media. It's so easy for these criminals to push out notifications about the latest scam and kind of get people involved, whether it's money muling or authorised push payment fraud, any of those things. I find, yeah, the speed and ease with which they can do that quite terrifying.

Willem Wellinghoff 17:28

Yeah, so completely terrifying. I agree. And that's, you know, the power of technology in many ways, as well as you know, the way people interact with each other so you're talking about targeting people on social media, because it's an easy target. People see the riches on social media, things like Instagram where people see you know, all the luxury goods. And people want a piece of that, because they think it's easy to, to gain and, you know, that's where, you know fraudsters find an easy target. And the worst thing, the more worrying thing about it all is, it starts so young, they really target, you know, almost children, because they know that it's an easy target and the money muling aspect of it, you know, especially the environmental changes that, you know, people think about money, you know, people are more money conscience, they don't want to get into debt, and they find themselves in quite a hard decision. They want the riches. They want to be able to pursue education, and they still want money and the challenge is how do you manage that all and that's where fraudsters really really do have an advantage on that.

Gemma Rogers 18:45

Yeah, I completely completely agree. So speaking of kind of, I guess in some ways the, the role of young people in our, in our digital economy, trying to protect them from, from scams, but also trying to offer them career advice. You had a role previously as a mentor at TechStars, is there anything similar in a compliance space that you think people could benefit from like as we've discussed it's such an interesting area and I wonder how people could get more involved in this space?

Willem Wellinghoff 19:13

Yeah, it really is. And I found the opportunity of acting as a mentor to the TechStars programme, really quite an exciting one because you are trying to make a real difference to people's lives. And by the way, this is just out of pro bono you do this with just the pure good heart of your soul. And is there something similar in terms of the compliance industry? I think it's emerging. I think, with the rise of RegTech solutions, there are starting to be more focus, whether it's through lawyers having their innovation hub to, you know, dedicated RegTech solutions, especially in cybercrime. There are now starting to be more than dedicated accelerators that focus on

compliance solutions. And I think, you know, the role as a mentor for any of these accelerators is you really need to have a passion for, for those companies, you have to believe in them and more importantly, really get to know those companies, what, what is it that makes them tick? And, and a lot of the time, you know, thinking about Shieldpay, ShieldPay was a company on one of those accelerators and I was a mentor to, Shieldpay beforehand, you know, it comes back to the value that the company is trying to bring, and whether it can really make a difference. And more importantly, I think, is the business structure of whether it can make money. And a lot of the companies that come to those accelerators don't always know how they're gonna even make money so with that mentorship programme, I think it's so valuable and Regtech, you know, that same space is equally, a lot of, a lot more disruption is happening there. So more and more accelerators are starting to pop up.

Gemma Rogers 21:12

Yeah, no, I think that's a great thing that we're seeing more of these accelerators. And yeah, I'm also very excited by this rise of RegTech and how it's kind of become a bit kind of cool and trendy to be involved in RegTech, which I don't think if you'd asked probably either of us five years ago in our career, whether whether RegTech was going to be this, you know, this big thing like we possibly wouldn't have said it would, but I'm really pleased to see that that's the case. Now, obviously, we're recording this podcast during the Coronavirus lockdown. So it's a pretty challenging and interesting time for a lot of companies. What changes have you made in order to continue to exercise effective oversight over Shieldpay's compliance programme during this period?

Willem Wellinghoff 21:59

Yeah. Think it's an absolute worthwhile point to raise. So one of the key things we've done is implemented a lot more communication so we're having more, believe it or not, face to face discussions through video, video conferencing, and just kind of monitoring what's going on and providing a lot more information on the type of typologies for those at the front line, and that's the customer services, to the the commercial team, because they are, you know, the coalface and they're faced with it every single day. But we've also enhanced our monitoring so we're really delving deep into the transactions that are happening real time. So I think that, that has been the step up for us. I mean, the different fraud typologies that have popped up, although we're saying these are different fraud typologies, they're just enhancements of what was out there in the past but It's quite interesting to see how that has evolved. So one that we've seen in particular, you know, being a prominent one is the cybercrime attacks, you know, especially at senior management level where people are trying to extort payment via different links, but and even more so especially for what we do in the escrow world and high value goods is the amount of fake goods being sold. So, you know, the face masks to ventilators, everyone needs it and there have been a significant amount of people who are selling fake goods out there and we've seen you know that an awful lot. For us I think the biggest challenge is monitoring what is being exchanged in the transaction. So we generally really go into without getting ourselves messed up in the liability, we really want to know what is being sold so we do ask for additional information. And that's where you generally see a little bit more kind of people who are

suspicious or people that don't want to exchange that information. So we protect the, you know, eventually the buyer. And as well as the source of wealth and the funds for you know, sometimes it's not very clear. So I think those are the kind of key things we've really stepped up our monitoring on.

Gemma Rogers 24:31

That's great to hear and I think, you know, especially in times like these when you're hearing about things like fake masks and fake ventilators, yeah, just my own personal perspective, it's brilliant to hear that there are companies out there taking that really seriously and doing all they can to detect that kind of fraudulent activity. How about the next focus area in financial crime? I think that's one of the great things about being a financial crime compliance officer is you have to look forward, all the time you know crimes evolving there's always a new opportunity for, for criminals. So while we're thinking very carefully about kind of Coronavirus, and COVID-19, and how that affects our world, we've also got kind of an eye on the future and what's coming down the track. What kinds of things are you preparing for?

Willem Wellinghoff 25:17

So for me, I think one of the key next focus areas in financial crime really evolves and emanates from the current crisis in which we live in. There is, you know, been a significant decrease on cash dependency as a result of the lockdown and social distancing. So it's going to have a lot more of an online focus. So digital means of payment is going to be the core aspect of where most of the fraud and crime will happen. Whether that be e-commerce or high value payments, I think just online payments as a whole will see a significant influx of crime.

Gemma Rogers 25:59

Yeah, I think that's a great prediction and don't really have anything to add to that because I think that's absolutely accurate. I think that probably concludes the areas of questioning that we were going to cover in today's session with the slight exception that we like to finish each of these podcast interviews with a quick FINTRAIL Five, I've got kind of five really quick fire questions. So if you can just finish the next five questions with your various answers, I think listeners would be really keen to hear what you have to say. So first one if I wasn't a FinCrime officer at Shieldpay I would be...

Willem Wellinghoff 26:34

Good one. I think a musician in many ways I've always had a passion of mine has always been music. I'm a drummer, guitarist, pianist all self taught and whatever spare time I have, I'll play, but I think being the entrepreneur in me I would love to build an online music studio that collaborates with global producers and studios to allow new artists to take their music everywhere, that does one of my greatest wishes to achieve yet.

Gemma Rogers 27:08

Amazing. Sounds very, very cool. Okay, next question. My colleagues at Shieldpay would describe me as...

Willem Wellinghoff 27:14

Oh God, eccentric.

Gemma Rogers 27:20

Excellent. I think that's a great thing to be. Very good. The last book I read I would highly recommend is...

Willem Wellinghoff 27:26

The Lean Startup. A really good book. Another book I'm reading now and I think this one is a really good one for lawyers. It's called Consigliari: Leading from the Shadows.

Gemma Rogers 27:38

Sounds intriguing. Have to look that one up. And but yes, agree on the lean startup. That's definitely a good read. And how about the last TV show you binged watch was...

Willem Wellinghoff 27:48

It was Freud on Netflix actually, just released. Finished it within three days, it was that intriguing. So it's quite, it's quite a dark biopic but really good.

Gemma Rogers 28:00

I think I've read a couple of reviews about that one I should, should definitely check it out. And then finally, if you want to start a career in anti financial crime at a FinTech, you must...

Willem Wellinghoff 28:09

Be engaging, a great communicator and be willing to adopt different mindsets.

Gemma Rogers 28:17

Brilliant. Yes, I think wearing lots of different hats working in FinTech is very, very important. Well, thank you so much Willem for your time. I really enjoyed our chat today. I definitely learned a number of things, not least about, kind of the intersection between the music industry, drugs, FinCrime, all sorts of areas that I wouldn't necessarily have picked up on before. So we really appreciate your time and we really enjoyed it.

Willem Wellinghoff 28:40

That was great. Thank you so much for the opportunity.

Gemma Rogers 28:50

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