

## Press Statement: Job Scamming

Berlin, 16 April 2019 - Being a fully licensed bank means that we are legally obligated to verify all of our customers' identities before they open an account. We do this by way of a specialized video-call identification procedure, among other safeguards, and the entire process is strictly regulated by BaFin.

Our verification procedure has been set up to observe all local and European legal requirements applicable. Offering a positive user-experience is important for us too, so we also factor our customers' needs into the process. Depending on the language the customer selects in the app, we will carry out the identity verification process in German, English, Italian, Spanish or French.

As a fully licensed bank, we work exclusively with established industry partners that have proven past experience in partnering with other reputable banking institutions, both in Germany and globally. For the verification process itself, we ensure that both our employees and the partners who provide services on our behalf receive regular training in accordance with the most recent banking industry standards, and that they are fully expert in the verification of identity documents. For more information on opening an N26 bank account securely, please read our blog post on the subject [here](#).

Recently, we've taken a further step to prevent fraudulent misuse when opening an account. We have implemented a safeguard as a precaution against a type of social engineering that persuades people to verify their identity (and therefore open an account) under false pretenses. Our identity verification agents will directly ask our customers to confirm that they are aware they are opening a bank account with N26, and that they know they are only verifying their identity in order to do so.

The type of social engineering we're trying to prevent, is one in which criminals on fraudulent websites pose as individuals or businesses falsely offering loans, data collection for market research and fake jobs and apartments, among other things. As part of any of these scenarios, individuals believe they are taking part in a "recruiting process", which asks them to verify their

identity by video call via the N26 identification process. Unknowingly, they are in fact opening a bank account instead.

With a bank account opened using someone else's identity, fraudsters can then use this account for criminal activities such as money laundering. We work closely with the authorities who investigate cyber crime and social engineering scams and use their findings to inform our customers about how they can protect themselves against identity theft, as we did in this article about social engineering: <https://n26.com/en-de/blog/social-engineering>

After identity verification, we carry out continuous transaction monitoring and various other security measures to identify and prevent instances of money laundering. We also receive reports about fraudulent transactions on N26 accounts when affected parties alert us, or when investigative authorities have already been called in and approach us a request for the necessary information. As soon as we believe we've discovered a fraudulent identity verification request originating from a website, we will immediately take all actions possible to alert the authorities and have these fraudulent websites closed down, although ultimately the websites described are outside of N26's control.

Like any other licensed bank, N26 is subject to strict regulatory requirements for ongoing transaction monitoring. This requires us to filter suspicious transactions and/or accounts and implement the necessary measures. Suspicious transactions are reported to the Financial Transaction Investigation Unit (FIU), or directly to the law enforcement authorities.

Within N26, our Customer Verification Competence Center gathers identification information and expertise to help us develop our verification methods and make them more secure.

Furthermore, we continuously train our employees in fraud-prevention with specialized courses that meet the high standards of the industry. With our identity verification teams, this includes comprehensive training during onboarding with examples of the most advanced, up-to-date practices, as well as individual coaching throughout the course of employment. We also review these training measures and safety standards regularly, to develop them further on an ongoing basis.

Social engineering and other types of cyber crime are something that both traditional banks and challenger banks are regularly faced with, and unfortunately, banks cannot prevent these attempts from happening altogether. Of course, what we can do is to ensure that our security

standards are always up-to-date and deliver information to our customers that helps them stay alert to the possibility of these attacks. Within N26, we frequently assess areas requiring optimisation and take any steps necessary to strengthen these.

## About N26

N26 is building the first mobile bank the world loves to use. Valentin Stalf and Maximilian Tayenthal founded N26 in 2013 and launched the initial product in early 2015. Today N26 has more than 2.5 million customers in 24 markets across Europe who currently hold over €1 billion in accounts and generate over €2 billion in monthly transaction volume. The company employs more than 850 employees across 3 office locations: Berlin, New York and Barcelona. With a full European banking license, state-of-the-art technology and no branch network, N26 has redesigned banking for the 21st century and is available on Android, iOS, and desktop. N26 has raised more than \$500 million from the world's most established investors, including Insight Venture Partners, GIC, Tencent, Allianz X, Peter Thiel's Valar Ventures, Li Ka-Shing's Horizons Ventures, Earlybird Venture Capital, Greyhound Capital, Battery Ventures, in addition to members of the Zalando management board, and Redalpine Ventures. N26 currently operates in: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the UK. N26 plans to enter the US market in 2019 where it will operate via its wholly-owned subsidiary, N26 Inc., based in New York.

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