



RADD LLC.
RISK ADVISORY, DIRECTION AND DELIVERY



CALIFORNIA COMMUNITY
BANKING NETWORK

TOP BANKER PANEL NOV 2021

A THOUGHT ON RISK

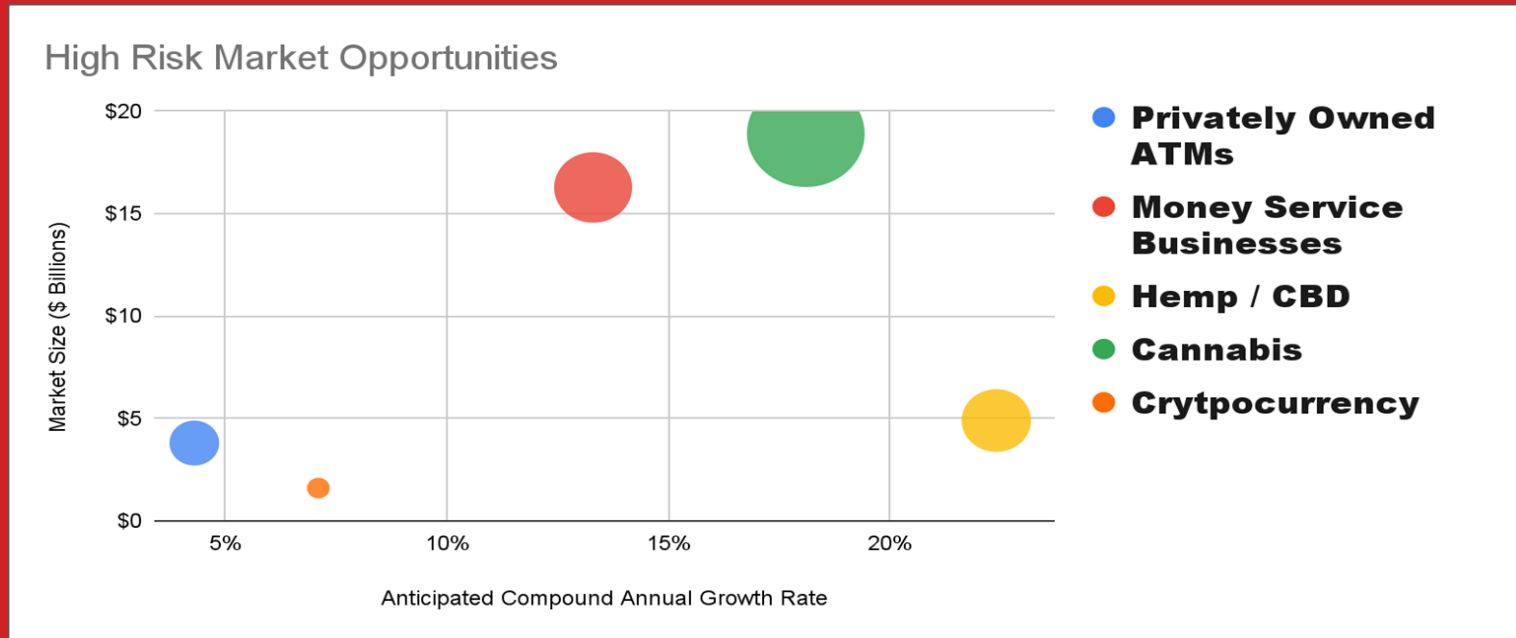
This letterhead design is meant to project an image

“The biggest risk is not taking any risk, “...

“In a world that’s changing really quickly, the only strategy that is guaranteed to fail is not taking risks.”



Higher Risk Market Opportunities



Money Service Business Industry Size

The 2020 annual report by the Nationwide Multistate Licensing System & Registry (NMLS) identified:

9,026
Approved MSB Licenses

Source: State Regulatory Registry (SRR) 2020 Annual report

Fast Facts:

NMLS has **294,952**
Active Agent
Locations

58 percent of
companies are
licensed in more
than one state

35 percent of
companies are
licensed in more
than 10 states

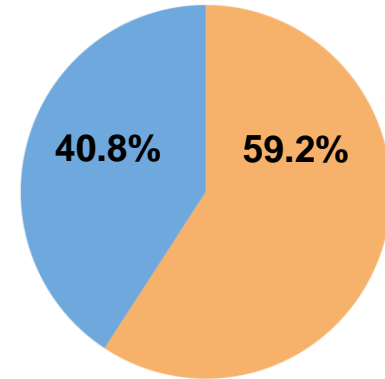
Private ATMs Serve Community Needs

- Typically provide access for underbanked markets and act as a lifeline to many community members
- FI branch expansion has typically been into “big cities or affluent areas where they previously didn’t have branches”, neglecting rural and inner-city areas
- A 2018 study on ATM locations found: “Independent ATMs in the U.S. tend to be located in areas that are disadvantaged in demographic and socioeconomic status when compared to bank-owned ATMs”



ATM Ownership - Private vs Bank

● Private
● Bank

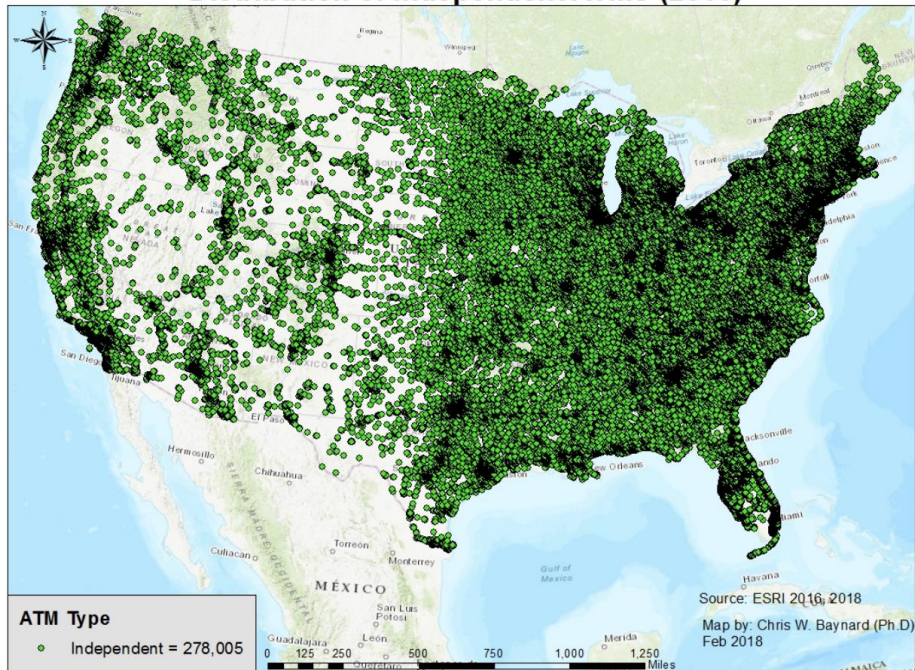


Privately Owned ATMs - **278,394**

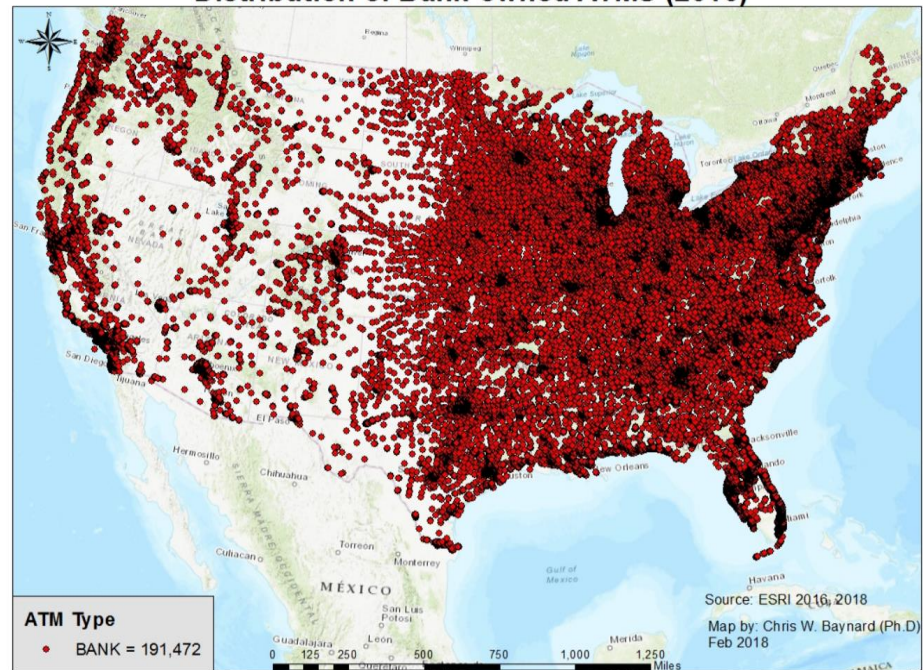
Bank Owned ATMs - **191,741**

ATMs

Distribution of Independent ATMS (2016)



Distribution of Bank-owned ATMS (2016)

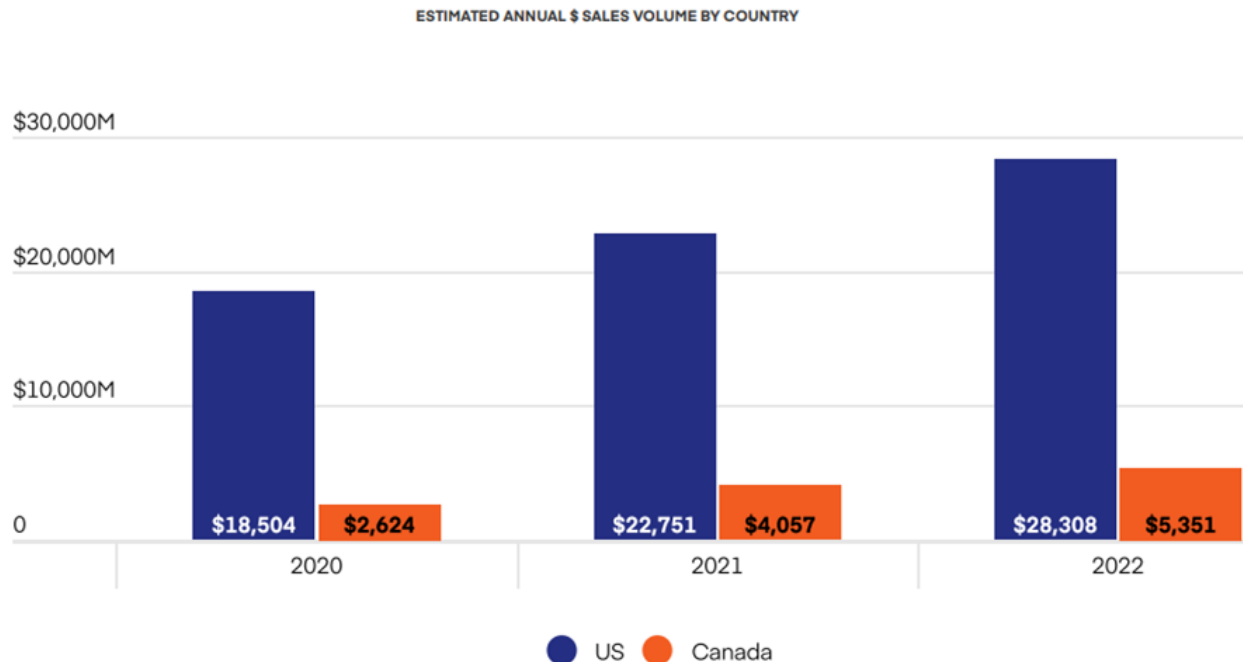


source: 2018 Locational Study of ATMs in The US by Ownership

Cannabis Market Growth

Legal Cannabis Sales
Could Approach
\$28Bn in The US
Alone by 2022

Bolstering an
industry that
Headset reports is
“moving quickly”
with no sign of
slowing down.



Source: Headset Cannabis Market Research

Cryptocurrency

- For many people, cryptocurrencies like Bitcoin are part of an exciting and lucrative new financial frontier. But for the country's top market watchdog, Gary Gensler, they seem "like the Wild West" – and he's promising a crackdown.
- Many of the major risks coming in 2022 are related to potential regulatory changes in the crypto space.
- Adoption has soared during the COVID-19 pandemic. Bitcoin alone has risen 300% in the past year
- The market for cryptocurrencies has ballooned. Currently worth about \$2Trillion

How is it regulated now?

The market has developed fast and regulations haven't kept up. So policymakers have talked about reining in cryptocurrencies under a new regulatory framework for years.

That leaves millions of people who trade cryptocurrencies and assets related to them without clearly defined rules of trading. And an already volatile market place subject to rumors of regulatory risk

Regulators have struggled to keep up with this growth and may limit financial inclusion by applying rules to crypto markets that are not fit for purpose.

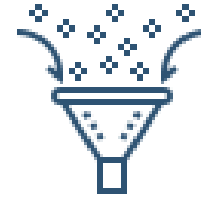
By looking to past eras of innovation, regulators can work collaboratively to adapt rules and policies to support open competition and rapid innovation in the cryptocurrency sector.

Proper Program, Proper Profit

**Serving high risk customers can
be achieved effectively.**



Establish proper governance
Consider Staffing
Perform risk assessment
Develop workflows that minimize touch points
and reduce time needed for monitoring and
reviews



Scale your program!
Revenue needs to offset operational costs
Use of third-party service providers

The RADD Solution

- Risk Assessments for program implementation
- Full-service compliance consulting
- Full service Internal Audit Services
- New bank implementation and conversion

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