



Choosing the Right Identity Verification Vendor for the Forex Sector

GUIDE



Executive Summary

Forex brokerages operate in a highly regulated, AML-driven environment where identity verification is critical for compliance, fraud prevention, and secure trading—without slowing down trader onboarding.

This buyer's guide addresses the three core IDV challenges brokers face today: meeting multi-jurisdictional requirements across 200+ markets, defending against advanced fraud such as deepfakes and AI-generated identities, and maintaining a fast, low-friction onboarding experience for high-intent traders.

It also provides a practical framework for evaluating identity verification capabilities—including document, face, device, address, and NFC checks—by outlining what effective verification looks like and how to assess vendors using real-world performance metrics.

Together, the guide helps forex brokerages select IDV solutions that strengthen compliance, reduce fraud risk, and protect conversion.

Why Strong Identity Verification Is a Regulatory Necessity

Forex brokerages operate within AML-regulated environments that require the implementation of robust customer identification, verification, and ongoing monitoring controls as part of broader risk-management and compliance obligations.

Regulatory frameworks such as the National Futures Association (NFA) rules in the United States mandate that forex members maintain comprehensive AML programmes, including formal Customer Identification Program (CIP) and KYC controls, supported by accurate recordkeeping and auditable verification processes. While specific requirements vary by jurisdiction, the core expectation remains consistent across markets: brokerages must deploy identity verification systems that are reliable, compliant, and capable of preventing financial crime at scale.

Three Biggest Problems In Verifying Trader Identity

Ensuring Multi-Jurisdictional Requirements

Forex operates without a single global regulator, forcing brokerages to comply with identity verification rules across 200+ jurisdictions simultaneously.

Keeping Up With New Sophisticated Fraud Techniques

Forex fraud has moved from forged documents to bots, VPN abuse, and now AI-generated IDs and deepfakes—requiring verification systems that can detect both old and emerging threats.

Keeping Trader Friction Low

Traders expect near-instant onboarding to act on fast-moving market opportunities, leaving brokerages little room for slow or complex verification flows.

Key Capabilities In An Identity Verification Solution

Risk-Based Workflows For Fast And Convenient Verification

Why it's important

As discussed above, most traders want to benefit from rapid price movements and news-driven opportunities. If the identification process is slow or has unnecessary steps, it will frustrate the user, and they will leave the onboarding process midway (and probably go to your competitor's platform).

Choose a solution that lets you create KYC workflows based on your risk appetite and risk exposure, using non-document verification, document verification, and trigger the enhanced due diligence measures such as proof of address and proof of wealth verification.

What to look for

When it comes to speed and convenience of the verification process, forex exchanges should choose a platform with Risk-Based Verification workflows that help verify user identity based on factors, such as business model, risk appetite, and jurisdiction. A strong system continuously monitors user behaviour and escalates the verification process only when risk indicators appear.

This includes events such as a trader logging in from an unrecognised device, attempting a high-value withdrawal, changing their banking details, or suddenly operating from a new geography inconsistent with their typical profile.

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Here’s how a possible Risk-Based Verification would look in real life:

Note: Risk-based verification flows can differ from business to business based on their risk-exposure.

Low-Risk Geography– Light-Touch Verification Flow	High-Risk Geography – Escalated Verification Flow
<p>A trader signs up from a low-risk geography, with clean AML results and no suspicious device or behavioural signals. Here’s what the process could look like based on the brokerage’s risk appetite:</p> <p>Step 1: Light-Touch Verification The trader completes Non-Doc + Liveness or a simple Doc + Liveness flow, depending on local rules.</p> <p>Step 2: Automated AML Screening Sanctions, PEP, and watchlist checks come back clean; device and location signals align.</p> <p>Step 3: Risk Scoring → Low Risk No adverse indicators are detected, so the user is classified as low risk.</p>	<p>Another applicant triggers red flags such as high-risk geography or suspicious device/behavioural anomalies. They enter an escalated workflow:</p> <p>Step 1: Document + Liveness Verification The trader must upload an identity document and pass biometric and liveness checks.</p> <p>Step 2: AML Screening Flags High Risk Sanctions, PEP, and watchlist checks come back clean; device and location signals align.</p> <p>Step 3: Enhanced Due Diligence (EDD) Source-of-wealth/funds documentation is requested, and the final decision follows the broker’s risk appetite.</p>

Document Verification

Why it's important

Forex attracts customers from all over the globe. Traders try to sign up on trading platforms from different jurisdictions, with different languages and document types, which the platform needs to verify. An IDV solution should also be able to differentiate between real IDs and fake, AI-generated ones, identify documents that are worn out and not in perfect condition, and be able to handle edge cases seamlessly.

Additionally, these processes should be accurate. If they are not, it can result in genuine users being rejected and fraudulent users being onboarded. To assess how accurate a vendor's solution is, you can ask them about these two metrics.

What to look for

If you're expanding into new markets, you need an IDV solution that works reliably no matter where the document comes from or what it looks like. Prioritise software that can handle a wide range of document types and conditions, supports multiple languages, and uses non-Latin OCR engines that accurately read scripts such as Arabic, Chinese and Thai so you can onboard customers consistently across regions

You also have to keep in mind that these metrics will vary based on the risk associated with a profile, which typically depends on factors like the country of origin of a trader and the document type that's being verified.

Also, high-risk cases often result in lower conversion rates and higher FAR and FRR.

False acceptance rate (FAR) - The rate at which fraudulent users are onboarded

False rejection rate (FRR) - The rate at which genuine users are rejected

Note: Document verification accuracy is one of the factors that influence FAR and FRR - not the only factor.

Profile's Risk	Average Verification Time	First Time Pass Rates	Estimated FAR/FRR
Low Risk	Less than 6 seconds	98%	FAR: 0.13% FRR: 0.06%
Moderate Risk	Less than 8 seconds	96%	FAR: 0.14% FRR: 0.09%
High Risk	Less than 11 seconds	93%	FAR: 0.16% FRR: 0.14%

Face Verification

Why it's important

Face verification is critical in forex onboarding because it provides a high-assurance link between a real, live individual and their claimed identity—reducing identity fraud, account takeovers, and synthetic identity risk. It also enables brokers to meet KYC/AML expectations for non-face-to-face customer verification while maintaining fast, scalable remote onboarding.



What to look for

When assessing a vendor's face verification capabilities, focus on whether the solution can reliably confirm a real, live person and accurately link them to their claimed identity—even in the presence of advanced spoofing attempts. Key capabilities to look for include:

● **Advanced Liveness Detection**

Seek 3D depth-analysis technology that can detect flat images, screen replays, or masks, ensuring only genuine human presence is verified.

● **Deepfake & Spoof Detection**

Prioritise solutions that analyse facial vectors and biometric cues to uncover AI-generated faces, deepfakes, or other sophisticated spoofing attempts.

● **Automated Face–Document Matching**

Choose systems that automatically match the trader's selfie to their ID document photo to confirm that both identities align.

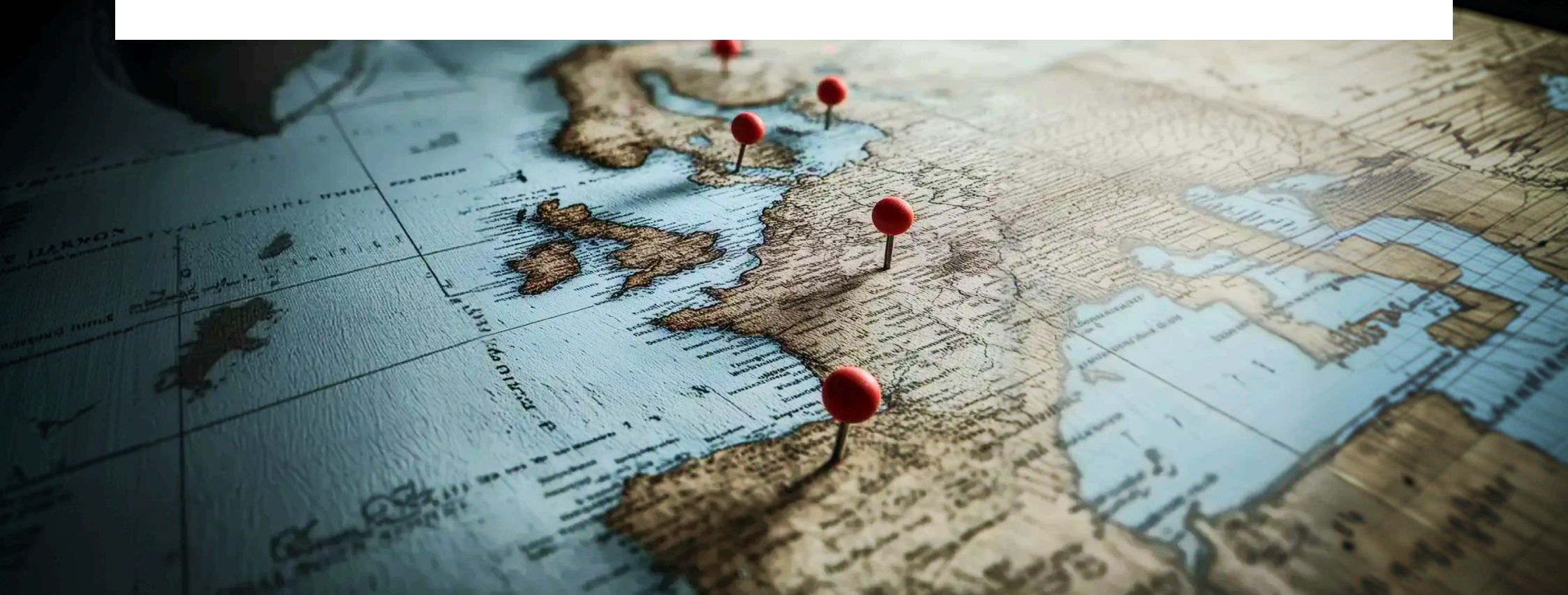
● **Bias-Free Detection Across Appearances**

Ensure the software can accurately verify faces regardless of gender, race, lighting conditions, or accessories such as scarves, hats, glasses, or lenses

Address Verification And Validation

Why it's important

In address verification and validation, a user's profile is cross-checked with an authentic address. The reason why this verification method is important is that it's relatively easy to create fake digital identities at scale, but it's extremely difficult to create fake identities and associate them with real addresses. By verifying addresses, businesses can ensure they are only onboarding real users with real addresses that they associate with.



What to look for

Choosing the right address verification tool means ensuring it can handle global documents, extract accurate data, and validate whether the user truly lives where they claim. Here's what to look for:

● Global Address

Document Support

Ensure the system can verify proofs of address from documents like Passports, Identity documents, utility bills etc.

● Image & Document

Quality Analysis

The software should assess clarity, detect tampering, check expiration dates, and validate whether the document meets regulatory requirements.

● OCR and Parsing:

Look for OCR engines that can intelligently break an address into components, such as street, city, and zip code.

● Cross-Check with

User Location

Leading systems can compare the document's address with the user's GPS location, helping confirm the person is actually where they claim to be.

Enhanced Due Diligence (EDD)

Why it's important

Enhanced due diligence is essential in forex because high-volume transactions carry higher risks of money laundering, illicit fund flows, and regulatory scrutiny. Automatically escalating checks for unusual behaviour or large withdrawals helps brokers stay compliant, protect platform integrity, and ensure that traders are operating with legitimate funds. It also builds trust by showing regulators and clients that the platform takes financial crime prevention seriously.

What to look for

● Automated EDD Triggers

The system should automatically detect high-value trading patterns, unusual withdrawals, or behavioural red flags and initiate enhanced due diligence.

● Secure SoW and SoF Collection

Look for a solution that gathers Source of Wealth (SoW) and Source of Funds (SoF) information through secure digital forms that support document uploads, structured data capture, and audit-ready records.

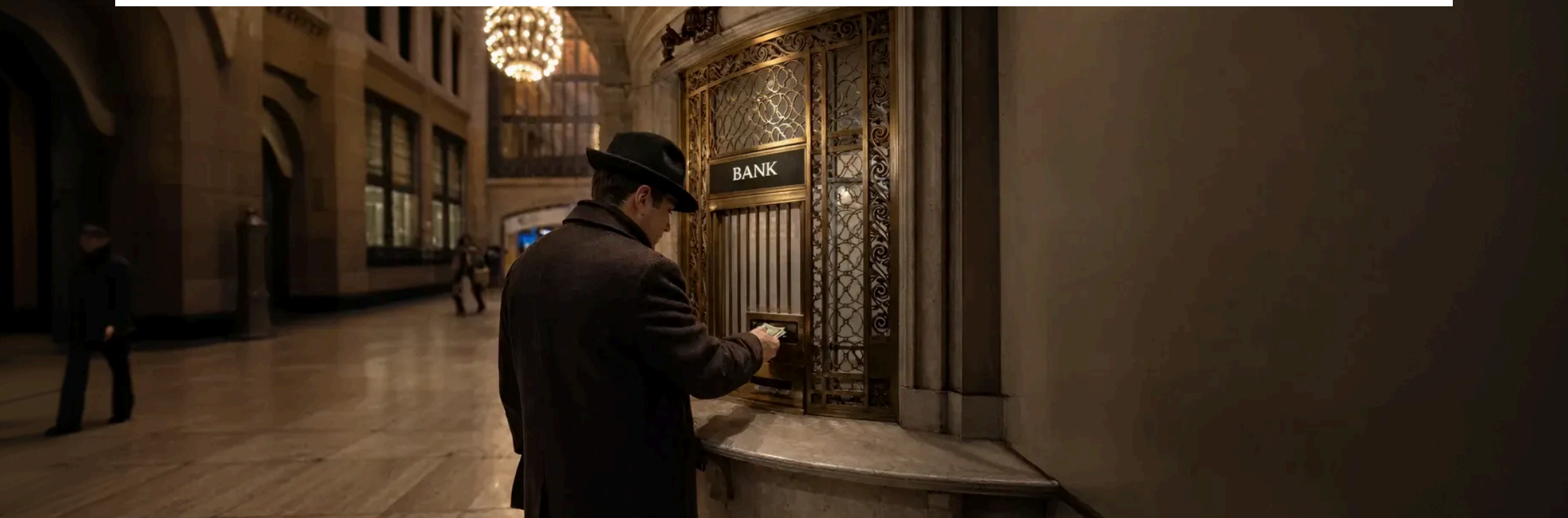
● Flexible Workflow Escalation

The platform should escalate cases to video verification when needed, especially for high-net-worth clients or complex profiles, providing stronger identity assurance and helping prevent sophisticated fraud attempts.

Account Funding & First Deposit

Why it's important

The first deposit is one of the highest-risk moments in a trader's lifecycle. Fraudsters often use stolen cards, mule accounts, or compromised credentials to fund newly created accounts. Verifying that the person making the deposit is the same individual who passed onboarding protects brokers from chargebacks, AML breaches, and account takeovers. Strengthening this step not only prevents financial loss but also builds trust with genuine traders by ensuring a secure funding environment.



What to look for

Choose solutions that secure the funding stage without slowing the trader down. A strong system should link identity, device, and payment behaviour to ensure the deposit is legitimate.

- **Selfie Re-Verification
Before High-Value Deposits**

Look for fast biometric checks that confirm the depositor is the same person who passed KYC, blocking stolen credentials and ATO attempts.

- **Reusable Identity /
FastID Capabilities**

Systems should allow verified traders to authenticate instantly during deposits without repeating all the previous steps.

NFC Verification

Why it's important

More than 160 countries are now offering their citizens Near-Field Communication (NFC) identity documents and passports, which present a huge opportunity for speeding up the identification process. These chips are encrypted and store essential data, such as name, DOB, gender, nationality, and more, which can be retrieved by bringing the chip near a device. Aside from the speed, it also offers a more authentic verification process as users' selfies or photos can then be verified directly with government-issued details.

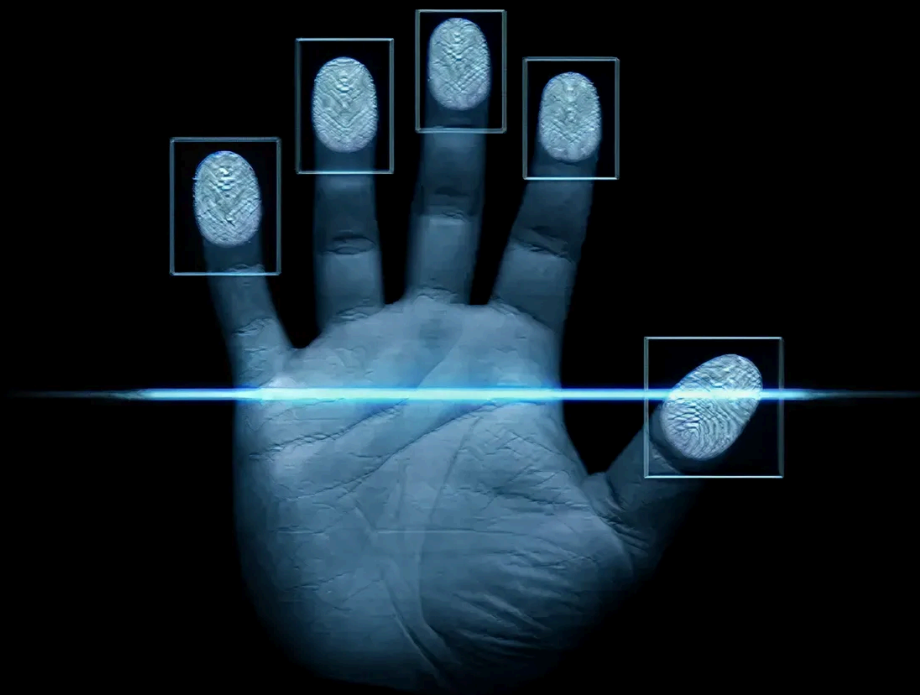
What to look for

Choose vendors that handle NFC verification fully in-house rather than relying on external processors or third-party services. In-house chip reading ensures sensitive biometric and cryptographic data is extracted directly from the secure embedded chip, never leaving the vendor's controlled environment. This reduces data exposure risk, prevents tampering, and gives brokerages stronger guarantees around privacy, security, and regulatory defensibility.

Device Fingerprinting

Why it's important

Device fingerprinting helps forex exchanges stay ahead of evolving fraud tactics and meet rising regulatory expectations around platform integrity and customer security. With increasing cases of multi-account abuse, account takeovers, and identity fraud in the trading sector. This allows firms to prevent scam networks, protect client accounts, reduce compliance risks, and maintain a fair trading environment.



What to look for

Prioritise the features mentioned below to choose a platform that'll help you understand exactly who is behind each device, detect hidden risks, and maintain platform integrity:

- **Comprehensive Device Attribute Collection**

Collects essential device attributes in a GDPR-compliant way to generate a unique, low-friction device fingerprint.

- **Strong Network and Location Signals**

Look for technology that analyses IP address, geolocation, time zone, and network behaviour to uncover mismatches, VPN usage, proxy routing, or location spoofing.

- **Real Time Risk Evaluation**

Choose a solution that detects anomalies such as sudden device changes, spoofing attempts, or inconsistent IP-to-device patterns and provides instant risk scores for immediate action.

Behavioral Biometrics

Why it's important

Behavioural biometrics helps forex brokerages detect impostors, bots, and account takeover attempts by analysing how users type, swipe, and interact with their devices. Because it works silently in the background, it provides continuous fraud detection without adding any additional steps.



What to look for

When evaluating a behavioural biometrics solution for forex, brokerages should look for capabilities that capture and analyse real-time user interaction patterns such as keystrokes, swipes, mouse movements, and navigation patterns. The system should be able to detect typing cadence, navigation speed, and device handling variations. These are the features you should look for:

● **Continuous Authentication Beyond Login**

Establishes a behavioural baseline and detects deviations during trading sessions, helping catch account takeovers even after successful login.

● **Adaptive Fraud Detection**

Uses AI models that learn behavioural changes over time and detect anomalies such as bot activity, remote-access manipulation, or scripted patterns.

● **Security Runs In the Background**

Runs entirely in the background with no added steps for the trader—no OTPs or manual checks—preserving a smooth user experience.

Video KYC

Why it's important

Video KYC is crucial for forex brokerages operating in regulated markets where live, human-assisted verification is either required by law or essential for preventing sophisticated fraud. For example, the German Federal Financial Supervisory Authority (BaFin) provides supervisory guidance in **Circular RS 3/2017 (GW)** on video identification as an acceptable method under anti-money-laundering requirements, outlining standards for live interaction, identity confirmation, and document checks that satisfy AML obligations

Many jurisdictions mandate real-time video identification for high-risk financial services, and forex falls squarely in that category. Video KYC helps brokerages confirm trader identity through expert-guided liveness checks and document verification, reducing the risk of impersonation, deepfake abuse, and synthetic identities. It also supports traders who struggle with fully automated flows, improving completion rates while meeting strict compliance expectations across multiple regions.

What to look for

A strong Video KYC solution should enable real-time, expert-led identity verification supported by AI, ensuring accurate checks during live sessions and regulatory defensibility in mandated markets. Key features to evaluate include:

- **Expert-Led Video KYC**

Choose a solution that provides trained verification specialists who can conduct Video KYC on your behalf, ensuring compliance and accuracy without relying on your internal teams.

- **Multiple Verification Models**

Choose solutions that offer various operational setups, such as dedicated or shared human KYC experts, allowing brokerages to align verification workflows with compliance needs and regional requirements.

- **International KYC Experts**

Support for multilingual and region-specific experts helps streamline onboarding for global trader segments and ensures alignment with local regulations.

About Shufti

Shufti provides a unified global identity verification platform designed to meet the speed, accuracy, and compliance demands of Forex brokerages operating across the globe. Its technology stack is built and maintained fully in-house, allowing businesses to verify documents, faces, addresses, devices, and NFC-enabled identity chips with consistent performance and without relying on external processors that may introduce privacy or latency risks.

The real-world performance metrics of the platform demonstrate its ability to balance fraud prevention with low-friction onboarding. With a **False Acceptance Rate (FAR) as low as 0.13%** in Forex, the platform offers a high degree of fraud resilience while delivering a 38% increase in conversion rates for clients by making the verification flow easier. Its automated decisioning engine and advanced AI models also enable a **47% reduction in manual reviews**, lowering operational overhead and enabling compliance teams to focus on genuinely high-risk cases rather than routine checks.

The platform also offers an instant Self-Service Portal that lets businesses activate KYC, AML, and biometric checks within minutes without contracts or onboarding delays, and a Deepfake Detection Audit that identifies AI-generated faces and synthetic identities to strengthen fraud defences. Together, these tools give organisations faster access to verification and enhanced protection against emerging digital threats.



Ready To Accelerate Trader Onboarding And Meet Global Forex Compliance With Confidence?

Equip your brokerage with a high-performance IDV infrastructure that prevents fraud, cuts verification delays, and supports seamless growth across regulated jurisdictions.

Explore how Shufti's advanced document verification, facial biometrics, device fingerprinting, and automated AML/KYC checks work together to protect revenue and deliver fast, secure onboarding for high-intent traders.

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