

PRODUCT & FRAUD

Safety by Design

A checklist for building products that protect people, from the first idea to global scale.

The principle: don't bolt compliance on at the end. Build it into the foundation. Every product you create can either protect people or expose them to harm.

1 Phase 1: Ideation

"Who could misuse this?"

- ☐ Identify potential bad actors (fraudsters, traffickers)
- ☐ Map how the product could be exploited
- ☐ Consider vulnerable users who could be harmed
- ☐ Research how similar products were abused elsewhere
- ☐ Document "what could go wrong" scenarios

2 Phase 2: Build

"What controls prevent abuse?"

- ☐ KYC (know your customer) in the onboarding flow
- ☐ Transaction limits and velocity checks built in
- ☐ Sanctions screening integrated, not an afterthought
- ☐ Data privacy protections embedded from day one
- ☐ Audit trails and logging for all sensitive actions

3 Phase 3: Launch

"How do we detect bad actors?"

- ☐ Transaction monitoring rules configured and tested
- ☐ Suspicious activity reporting process established
- ☐ User reporting mechanism (flag button) is live
- ☐ Incident response plan documented and rehearsed
- ☐ Regulatory reporting obligations understood

4 Phase 4: Scale

"How do we adapt as threats evolve?"

- ☐ Regular review of emerging fraud typologies
- ☐ Feedback loop from customer support to product
- ☐ Compliance team scaled with user growth
- ☐ Third-party audits and penetration testing
- ☐ Monitor regulatory change in every market you operate in

THE QUESTION TO ASK

If my product were used to launder money from human trafficking... would I have seen the red flags?

If the answer is "I don't know" or "no", you have work to do.

Red flags: signs your product may be exploited

- Spikes in new accounts from high-risk regions
- Users immediately maxing out transaction limits
- Multiple accounts linked to the same device or IP address
- Rapid pass-through of funds (in and out)
- Users bypassing verification or using fake documents
- Complaints about being scammed via your platform
- Transactions structured just below reporting limits
- Dormant accounts suddenly becoming highly active

The five golden rules

- 1 Compliance is a feature.** Build it in from day one. Retrofitting is far harder and more expensive.
- 2 Assume bad actors will find you.** If your product moves money or data, criminals will test it.
- 3 Friction can be a feature.** A small verification delay is better than becoming a money-mule highway.
- 4 Regulation is your moat.** Competitors who cut corners will eventually pay the price. You won't.
- 5 Think about the victim.** Behind every fraud statistic is a real person who lost money, dignity or hope.

The global context

Scam compounds, where trafficking victims are forced to run fraud operations, took hold in Southeast Asia and are now reported in other parts of the world. Poverty and coercion supply the victims; weak controls in products and platforms supply the opportunity. Wherever your product moves money, data or attention, you sit at the intersection of innovation and risk. Build wisely.

Julia Chin

JFourth Solutions · [linkedin.com/in/pekyeejulia](https://www.linkedin.com/in/pekyeejulia)

Build products that protect.

Questions? Building something? Reach out.