LSEG STREETEVENTS

EDITED TRANSCRIPT

LONDON STOCK EXCHANGE GROUP PLC RISK INTELLIGENCE WEBINAR

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CORPORATE PARTICIPANTS

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- **Chris Turner** *London Stock Exchange Group PLC - Investor Relations Senior Director*

CONFERENCE CALL PARTICIPANTS

- **Operator**

PRESENTATION

Operator

Good day, ladies and gentlemen. And welcome to the LSEG Risk Intelligence Webinar hosted by David Wilson, Group Head of Risk Intelligence. (Operator Instructions)

I would like to remind all participants that this call is being recorded. Questions will be answered after the presentation. I will now hand over to David Wilson, Group Head of Risk Intelligence, to begin.

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Hello, everybody. I'd like to add my welcome to everyone joining this webinar today. I'm David. I lead the Risk Intelligence division of LSEG. I've been with the organization since 2023 and have an experience of running global businesses in the financial crime and payment space over many years.

If we could go to the next slide, please. That's it, thank you. So on the agenda today, I'll explain more about the group and the problems that we solve for our customers. Also we'll go through the compelling market opportunity in which Risk Intelligence operates, supported by multiple macro trends as tailwinds, and of course, our strategy to accelerate growth in line with the market opportunities and the changing requirements of customers and prospects all around the world. And as mentioned a moment ago, we'll have plenty of time for all your questions.

So if we could jump in, please, and go to slide 4. Risk Intelligence operates in an environment of complex and ever-changing financial crime. Our solutions help customers avoid regulatory noncompliance, tackle fraud, benefit from operational efficiency, and gain advantage in navigating risks.

We're the trusted partner to the world's largest banks, nonfinancial institutions, corporates, and governments. Our business is built on a heritage of accuracy, integrity, and customer focus, spanning back over two decades with a track record of reliable intelligence, subject matter expertise, and technology innovation.

Our World-Check database has over 5 million records, supported by over 500 analysts speaking 70 languages. Our payment fraud solutions verify over 200 million transactions per year, of a roundabout 1 million identified as potentially fraudulent. And our identity services are required to keep pace with fraudsters who perpetrate financial crime and fraud on a vast scale.

Fighting financial crime and reducing fraud using our data for good is a key driver of the team. And it works -- it sits at the heart of everything we do. We use that desire to make a difference to help our teams innovate and improve every day.

If we could go to the next slide, please. This will give you a little bit more of a basic understanding of the business. It's, as you can see, made up in three main areas or buckets, as I tend to call them. And you'll see to the left that screening is the largest part of the business, making up 78% of our revenues. Our World-Check database was the very first database of its kind in the world and this year, celebrates its 25-year anniversary.

It helps customers detect, assess, minimize potential risks across multiple vectors, including sanctions, politically exposed individuals, adverse media, and UBO structures, helping customers meet their regulatory obligations and avoid the facilitation of fraud and money laundering.

In the middle bucket, you'll see digital identity and fraud. And as you all know, as digitalization continues to accelerate and fraudsters become more and more sophisticated, the need for rapid frictionless verifications of identities and accounts continues to grow.

Our identity verification service allows customers to verify their customers and vendors anywhere in the world quickly and effectively, with global data and the latest biometric and liveness technology to combat deep fakes and identity takeover fraud. Our payment verification services safeguard payment, mitigate push payment and takeover fraud, and allow customers to make payments with confidence.

And finally, the smallest part of our business is our enhanced due diligence portfolio. That's a combination of research reports and technology, which provides insights on a specific entity, helping firms assess the financial and reputational standing of customers, suppliers, and other third parties. This ultimately allows them to onboard customers and third parties with pace, precision, and with security.

Next slide, please. In screening, as I've mentioned, we have our industry-leading solution, World-Check. It's used by the vast majority of Tier 1 banks around the world and a rapidly growing number of multinational corporates around the world. We provide data and insights, as I've mentioned, on sanctions, politically exposed individuals, and adverse media.

And our data is best-in-class and rigorously researched by specialist analysts, many of whom have been with World-Check since the firm's inception back in 2000. We have access to unique and proprietary data sources that allow us to provide more accuracy and timely information versus our competition. And we deliver the product in multiple formats such as file transfer, high-performant APIs, and SaaS applications. And you can choose to have that with or without case management and workflow tools.

We monetize this solution through an annual subscription, offering strong recurring revenue. And we have headwinds that are supporting our business, including the inflation in the number of sanctions dating back to Russia's invasion of Ukraine and the complexity of sanctions.

As regulators in Canada, Europe, and the United States have imposed sanctions and export controls at an unprecedented rate and global businesses need to comply with those changes, we've seen a lot of growth in all regions as a result of that complexity and that need to ensure that you're up to date at all times.

A typical use case, as you can see to the right here, is a global leader in e-commerce. They wanted to screen their customer transactions in real time. And as you can see, our solution was World-Check One. This allowed the customer to meet the quality and timeliness of a scalable solution, allowed them to complete that real-time screening.

And our solution has helped the business grow rapidly because they've been able to onboard customers and facilitate transactions while ensuring they have that regulatory compliance. So this is a very, very common use case that we'll have in our screening business.

If we go to the next slide, please. We've also got, within our screening business, our World-Check One proposition, as you'll see here. Now World-Check One is a solution for customers who wish to use our best-in-class data but also screening tools, workflow in a single application.

This has been a significant contributor to growth over the years. And you'll see some of that when we look at our five-year CAGR a little bit later. It supports customers from a large global financial institution such as a Tier 1 bank right through to smaller organizations or regional businesses that have become subject to AML and KYC laws as the regulatory landscape has grown.

So [its church] is very broad and very diverse. It provides a large number of different workflow tools, case management, reporting, and analytics capabilities. And in the last 18 months, we've invested heavily to create a highly scalable business that can support very large transactions pretty much anywhere in the world.

The reason this is important going forward is as regulatory pressure grows, investments in adopting cloud-based architecture have positioned World-Check One as a screening platform that can support those very high concurrent transactions.

And what this does, it reduces screening time for customers, and that can be done without compromising either accuracy or speed. It's a really important part of the portfolio. As a result of that work, we can now support over 1 billion daily screens. Daily screens even -- daily screens, I have plenty of those -- but over 1 billion daily screens.

Next slide, please. As digitalization continues to accelerate and fraudsters become more and more sophisticated, as I mentioned at the top of this call, the need for rapid, frictionless verifications of identities and accounts continues to grow. So our digital identity and bank verification tools are predominantly delivered through high-performance APIs and online tools, which we monetize through a transaction, consumption-based pricing model.

So a typical use case here, a Fortune 500 company experiencing fraud in their claims disbursement. And by integrating our account verification solution, its payment workflow was not only faster, but they were able to avoid over 12 million in fraud losses because of the -- both the speed and the accuracy to be able to identify those transactions. And again, whether it's on the identity side for a fast onboarding or on the payment side, the speed and scalability of our global solution is allowing us to win in the marketplace.

Next slide, please. So as I've mentioned, EDD is the smallest part of the business today, which provides risk insights into a specific entity, helping firms assess the financial and reputational standing of their customers, suppliers, and other third parties. And of course, third-party risk and understanding the counterparties that you do business with has become a growing important trend for all businesses of all shapes and sizes over the last few years.

We serve the customer by providing bespoke reports that indicate ultimately the risk of transaction with entities based around the company's policies and risk appetite. The reports can be provided through our own platform, or they can be integrated into a whole range of other platforms to be used for supplier onboarding. They monetize through both upright and recurring revenues. And again, when it comes to a transaction basis, we monetize that through consumption-based pricing.

And in this area of the business, typical use case here, global medical device company. They needed to comply with third-party compliance policy, but in doing so, streamline the cost and time it took to complete the process. So we were able to integrate our due diligence reports into the platform that we're currently using, which resulted in a 1 million annual cost saving and obviously, a very clear return on investment for the customer.

We could go to the next slide, please. Let's look a little bit about how our customer -- our revenue and customer type is broken up here. Because it differs, I would say, from what you typically see, perhaps, in the rest of the LSEG Group. If we start with revenue, the business is delivering stable long-term revenue growth, benefiting from both a diverse customer base, but also this high percentage of recurring revenue. If you see to the illustration on the left, 77% of Risk Intelligence revenues are recurring.

As global identity and payments transactions increase, we benefit through to that usage-based revenue. So if customers are very active around key shopping periods, let's say, Black Friday or Cyber Monday, we will see that immediate benefit from those increased transactions over those periods.

Our growth has been supported by our core. Of course, if we look at the customer types of banks, fintechs, but also regulated nonfinancials, such as legal and mortgage firms. And if you can see, we've got a large proportion of corporates. And this covers a whole range of different areas from healthcare, e-commerce, automotive, and travel.

Next slide, please. Our diversified customer base and the fact that, as you saw, we've got high recurring revenues, have driven really strong growth. And you can see here, we've got a CAGR that I think is impressive, particularly when you think about that continued double-digit growth that it's been driving across the business.

In addition to the strong performance in screening, the growth of the business has been supported by digital identity and fraud acquisitions, GIACT for trusted payments, and the Global Data Consortium for digital identity. And most importantly, we're not standing still. As we continue to innovate at pace, strengthening and broadening our offerings, as I'll mention in a moment, I feel very good about the growth potential of the business as we go forward.

Next slide, please. So Risk Intelligence sits at the heart of LSEG's customer proposition. And when it comes to risk and the rest of the group, I think it's fair to say we have a very happy marriage, and we benefit one another. We benefit from LSEG's scale, distribution, investment, shared technology, and of course, highly trusted and respected brand. And we benefit the group as we have a consistent track record of double-digit growth, and we operate in high-growth markets with high recurring revenues and retention rates.

As you can see to the right, our margin is also accretive to the group at 53.9%. Over 80% of the large D&A customers use Risk Intelligence. And we secure a diverse customer base within Risk Intelligence that can be used as a funnel for other LSEG services as the wider LSEG business looks at corporates as a main growth area. So again, it works very well for the different strengths of the group.

Next slide, please. What I'll touch upon now is the compelling opportunity. I've mentioned a couple of times already that, I believe, we operate in a very strong market. And the underlying market dynamics are strong and are likely to stay strong going forward because of some macro trends that I'll touch upon. But if we start with the next slide, please.

There are multiple drivers of growth for the business. You'll see overall that the business today, at the size that the segment it operates, but most importantly, some of those multiple structural growth drivers on the right-hand side.

If I start with geopolitical tension, which is something that's affecting all of us day-to-day at the moment, the Russia-Ukraine conflict, in particular, prompted many firms to reevaluate their sanctions exposure to Russian entities. And from that point, we've had US tensions with China, deglobalization, fragmentation of sanctions regimes, and national autonomy, which is all changing that regulatory landscape rapidly and creating further demand for our services.

There's also been the global expansion of both the regulatory scope, with all types of firms of different sizes being drawn into wider regulation, but also sustained regulatory enforcement. So you have that regulatory net getting wider, different customer types being brought into KYC and AML regulation. And you also see that nonfinancial sector and the sector overall getting sustained enforcement and fines, moving from traditionally large banks to now a range of corporates as well.

Another growth driver is the greater supply chain risks, which I've talked about. That creates a real need for KYB and KYC services and, again, as I've mentioned, the growth in digital payments. Everyone that produces any analysis on this space will tell you that the volume of digital transactions is expected to continue to grow rapidly. And that's driving innovation in both traditional and emerging transaction markets as well as an ongoing requirement for process efficiency and fraud protection as the fraud grows in line with those payment volumes.

We see this huge increase in payment fraud. And in addition to traditional areas of fraud like payment cards, there are now more than 20 different varieties of scam types that fraudsters are taking advantage of, things from investment scams, impersonation scams, remote access scams, romance scams, e-commerce scams, and now more recently, business invoice redirection scams.

And a lot of the proceeds of financial crime are being redirected back into industrial-scale fraud factories, which are targeting all of these different scam types. So it's never been more important for our customers to have the right defenses.

Finally, it's a battle between scale, efficiency, regulatory compliance, and trust, but also offering customers a very fast, low-friction onboarding experience. Because businesses risk losing customers to their competitors if they can't offer effective and fast, secure onboarding tools. So we play very much a role in helping them continue to manage that complexity and that continuing growth in volumes.

We can go to the next slide, please. If we think about those macro trends as a whole, what those trends are doing is creating increased customer needs. And that, in turn, obviously produces opportunities for growth for Risk Intelligence. So we start to the left. There's a strong demand for efficiency and cost reduction. And there's also been a significant shift towards cloud adoption and real-time services to meet increasing customer demand.

Now I think when I came into the compliance space many, many years ago, cloud adoption was not only not used in any real shape or form by anyone outside of very large global organizations. But there was a viewpoint back then that they were always going to be limited with their opportunities for cloud adoption due to the complexity and concerns about the regulatory environment.

We've now seen a complete switch. And most, if not all, financial institutions have embraced the journey towards cloud. Now the way this helps us is that we have, as I've mentioned, best-in-class data and SaaS platforms like World-Check One to meet that demand. And due to some of the other strategic opportunities that I'll talk about a little bit later, we see even greater opportunity to deploy new solutions and services in the cloud.

Real-time requirements, I've mentioned that's very important to onboard customers and complete the KYC checks earlier in the customer journey. And this is driving the need for those high-performant APIs. And as businesses face ever-expanding third-party risks, we see a consolidation of vendors to reduce both the cost and risk of doing business.

And what this does is it provides an opportunity for an embedded partner like Risk Intelligence to cross and upsell services. Because the trusted brand and the existing relationship gives us the first-mover advantage when customers are looking for wider range of financial crime and fraud services.

We're very confident, finally on the right-hand side, in our ability to deploy AI in both internal and external use cases. And again, if I look back to the environment, say, five years ago into where it is now, the financial crimes segment has really embraced AI.

And that's not just been because of the technology that's available. It's because there's been a marked shift in regulator support and confidence in the models because they are becoming much more explainable. So AI will continue to provide efficiency in the financial crime and fraud space. And I believe we're very, very well positioned to take advantage of that.

Next slide, please. So many of you will know some of the companies that you'll see below. But the headline here is that the market has been really extremely fragmented over the years, with customers forced to deal with multiple vendors to complete financial crime workflows. And that, in turn, creates then the need to stitch or connect those insights from different providers, again increasing complexity and increasing cost.

Now with changing fraud and financial crime patterns, the increasing sophistication of the fraud attacks and that rapid change in regulation is making it much harder for customers to remain compliant with multiple vendors across this workflow.

So as the segment matures and vendors consolidate, customers are increasingly demanding connected end-to-end solutions to provide more interoperability, to reduce the numbers of third parties, to respond faster and, of course, to reduce cost.

So if you look at the jobs to do under the complete life cycle and you look at where the Risk Intelligence products today, we have a comprehensive offering right across that compliance life cycle, which allows us that cross and upsell opportunity. And when we look at accelerating our product innovation, we plan to increase propositions further across that life cycle. So again, strong offering today, but lots of opportunity to deliver even further growth for the business.

Next slide, please. LSEG Risk Intelligence has a history of transformational change. And that's through different mergers and acquisitions but different products that have been launched over the years to support the evolving market opportunity.

So if you look to the far left-hand side, you'll see that World-Check dates back to 2000, as I've mentioned, the first Risk Intelligence database of its kind. It's 25 years old this year. We have celebrations with our customers in many, many parts of the world. But that's obviously been a foundation of our screening business.

You'll see, if you move one to the right, GIACT was founded in 2004 and acquired in 2020. You'll see that the Global Data Consortium was founded in 2010 and acquired in 2022. And as a result of those acquisitions and those product enhancements, the portfolio now contains the data leaders in KYC, IDV, and payment fraud segments. And that's important because we see opportunities to put those data and insights together to solve different types of problems for our customers, which I'll touch on in a moment.

Next slide, please. So big market, business doing well. How do we now take advantage and grow the business even more successfully? So if we go to the next slide, please. Ultimately, we've now got, I believe, the core building blocks in place. My ambition and ambition of the team is to accelerate the growth of the business. But these core building blocks were very important to give us a foundation for growth.

So with a focus on cloud-enabled solutions, which are the choice of the market, we've divested our noncore on-premise assets, partly because they lack scale. But also because of that bespoke nature, they delivered lower margins. We've also put together a team of industry-leading talent with a track record in delivering product innovation and commercial success in financial crime and payments.

We have leadership covering technology, operations, strategy, product, and sales. Risk Intelligence has expanded our cloud partnership with Amazon Web Services, which will allow us to bring a number of new cloud solutions to the marketplace in the next three years.

And I've mentioned AI. And if you look to the -- finally to the right, we've accelerated the investment in AI and automation to take advantage of the growing opportunity to automate parts of the financial crime workflow. So AI makes us effective and, in turn, makes our customers more effective.

If we go to the next slide, please. So three businesses today and our strategic priorities also sit in three focus areas. Number one, we are strengthening our current business by growing our leading position in core segments.

We're now connecting, integrating, and orchestrating our products to create compelling customer solutions and to solve new problems. And we're expanding the business by addressing a wider range of customer problems in adjacent market segments. So let's talk a little bit about that and how we're doing it.

Next slide, please. If we talk about strengthening within our core and growing our leading position, our move has been from data collection, predominantly manually, to intelligent automated collection of data. So if you think about our content curation teams today, they're still fairly manual. But with AI, we're improving the automation of data collection and transformation to increase the breadth and depth of our operations because of the speed and efficiency AI creates.

Similarly, many customers struggle themselves with the improvement and collection and interpretation of risk data. So as Risk Intelligence learns and deploys this technology internally, we can gradually expose those tools to customers who can more efficiently run their own compliance processes, things like reducing false positives, almost automating some of those low-risk alerts through to actively predicting financial crime risk. And this all, in turn, significantly reduces our overall cost of compliance.

When you look at our distribution models, we're moving from rigid to agile. We're enhancing our data curation platform and distribution to ensure the updates to our database for things like sanctions can happen faster and reach our customers more quickly.

And this is of increasing importance to our customers, particularly our larger customers. Because in areas like AML, regulators are demanding near-real-time implementation and enforcement of sanctions. The days of getting a sanctions alert and making a decision two or three days after that alert are long gone.

And in parallel, we're overhauling our data schemers to enable customers to better splice and dice, and work on deltas rather than whole files or formats of data. And this provides more targeted insights and again provides speed and efficiency for the customer.

We're also looking at scalability and moving away from bespoke solutions to more self-serve opportunities for our customers. Again, we're doing that through evolving our solutions and infrastructure to be more scalable, allowing customers to leverage SaaS solutions, doing that in multiple regions that may have their own GDPR or privacy laws or data hosting laws. And we're doing that through sophisticated API endpoints that manage high throughput for areas such as payment screening. So as those volumes go up, we can be very, very confident that we can keep the pace of the solution.

And finally, moving from focused data solutions and breadth of offerings to broad based. And one of our main efforts, as I've touched upon, is that we want to expand the universe of our data to help customers work on a range of other problems using our data. And when you look at the breadth of our customer base, you'll see that those problems are solved in different ways. And I'll touch upon that as I conclude in a moment.

Great example of this sort of breadth of solution is some of the customer types that are new to the business and the types of problems that they bring to us. So based on the foundations, we believe that strengthening the way that we serve our customers, the breadth of the way we serve our customers, and these high-end performance SaaS solutions, leaves us best placed to take the largest share of wallet.

Next slide, please. So if we look at sort of the second pillar or second bucket of our strategy, it's all-around connectivity, seeing us integrate our product suite to solve a wider number of use cases. So this provides the opportunity to bring together our identity, risk and fraud capabilities, which provide, again, improved efficiency and also user experience because they can consume different insights in common platforms.

So just three recent examples you see on the right-hand side. For [all-over] integrated customer onboarding, we've now combined our ID verification solution into World-Check One. For streamlined payments, we've now integrated World-Check data into our trusted payment solution. And again, for ID verification and ETD, you can conduct third-party or order third-party due diligence requirements through the World-Check One interface. And again, making that interoperability easy up, safer and easy to monetize for us as we go forward.

Next slide, please. So the sort of final slide before we go over to questions is around that expanding customer footprint and how we can develop our presence in both adjacent segments and geographies. And if you look at the sort of the Domino's Pizza wheel, which is what we use internally, so forgive me, I'm sure there's a better analogy, but if you look at the pizza wheel, you'll see that we have a heartland in financial services, but we're continuing to expand our presence in both adjacent segments and geos beyond this historical financial services core.

Now that is -- and you'll see the use cases in some of the smaller text, that's from things like proof of age, for the technology sector, to passport checks, for the public sector. That's things like opening an account, in gaming, to supplier onboarding in retail. And it's all of those jobs to do around applying for a loan or mortgage through to reducing claims fraud.

So the three strategic enablers that make us very excited about the opportunities for the business going forward are that increasing customer focus as we expand data coverage with targeted content and diversifying our use cases. And as we diversify those use cases, that growing diverse range of customers with highly reoccurring revenue streams and transaction volumes driving the underlying growth of the business.

So that's it for me before I join Chris for questions. I hope the session has been useful. I hope I've been able to help a little bit more around the understanding of how the business sits today, a little bit more for you in terms of the compelling market opportunity, and why we believe we've got a very, very strong runway for growth within Risk Intelligence.

So again, thank you for your time. I'll now hand back to Chris for questions.

QUESTIONS AND ANSWERS

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

That was great. Thank you very much, David. We will now turn to Q&A, as you mentioned, but first, a little bit of housekeeping. If you'd like to submit a question, please use the form on the screen. I gather some of you were having difficulties with your firewalls, in which case just send me an email, chris.turner@lseg.com, and I will feed those questions into the Q&A queue as well.

Let's start with the first question, which is around the revenue wheel that we saw earlier. We showed that's about 16% of revenues in Risk Intelligence were coming from usage-based pricing. Can you talk a little bit about that, David, in terms of, a, what is driving that usage-based pricing? What consumption is it that's driving it? And then secondly, how do you see that evolving over time?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Yeah, thank you for the question. As you say, Chris, 16% of revenues today, which I expect to grow every year from this point onwards, two main drivers. Firstly, the number of customers that are now onboarding for a range of different reasons as customers have moved fully online and as that sort of digitalization has continued.

So things that they would typically do at a High Street branch or at an automotive firm are all happening online, and that creates an increasing demand for identity services because every time you complete a transaction, if you're using our services, we are checking the identity of that person.

On the payments side, as the volume of payments increases really significantly globally, again, driven by e-commerce as one part, and we are checking on a transaction basis for fraud across those different payment rails. So as the volumes increase, our customers' transactions increase and, therefore, we see more revenue.

So it's certainly a growing picture for Risk Intelligence. I think it's certainly something that the wider LSEG Group sees potential in as well. I think consumption-based pricing, particularly for consumption by the cloud, is something that's on the radar. But I think you'd have to ask David Schwimmer or our COO, MAP, to be better placed to talk to individual markets. But yes, certainly an opportunity, I would say.

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

That's great. Thank you, David. We've had a few questions actually on a similar theme, so I lumped those all together into one question. And actually, still the phrasing from Russell Quelch from Redburn who asks, it appears the main barrier to entry for competition in this space has been around collecting and maintaining data at scale. If AI is helping to automate data collection and aggregation at scale, does this translate into lower barriers to entry essentially?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

I think it will certainly produce lower barriers to entry when it comes to just collecting publicly available data. So typically, the things that individuals may have had to do manually are now being done through AI. And we do that ourselves. As I've mentioned, we are using that within our own content teams to be able to pull together, if you think about things like adverse media, that -- all of those global media sources, we can pull that together more quickly.

But I think the most important thing is if you think about how AI becomes effective, particularly as you get into things like agents, the quality of the data has a massively significant impact on the effectiveness of AI. And the thing that makes -- if you take World-Check as example, very differentiated, is because we've got that human expertise that can take advantage of that curated faster AI data but can then use that human intelligence to produce richer, more granular data.

So I think it will continue to disrupt the space, but I do believe, particularly as our customers have very trusted relationships with us, that we will still be seen as that differentiator and that provider of the highest quality data, which will ultimately increase the performance of those AI models, which they wish to deploy.

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

Thank you. Next question is from a buy-side investor, so I'll keep him anonymous. He says, participants and competitors say that World-Check is established, but it's also a legacy solution and there's newer providers in the space. Can you share your thoughts on how that competitive dynamic differs between the two?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Yes. So I think when you've been the first, to go back to 2000, I think as anyone who've seen some of the information we put out about the 25-year anniversary, started with three people working in a garage in South Africa, now over 5 million records, 500 researchers around the world.

And what continues to differentiate us is the quality and that expertise because we don't employ people that are not, in the most part, very, very knowledgeable experts in AML and KYC because part of our value proposition is the interpretation of different regulation, which can be gray for a number of different reasons. So yes, we're the oldest, so we'll get the legacy tag.

But if you think about things like the growth of World-Check One, if you think about the way that the World-Check data proposition has evolved from a simple file delivery to now, this year, with our next-generation product offering intra-day reporting, so as a researcher posts a record into the database, you call our API and you'll get access to that record straight away. I think it does us a little bit of a disservice in terms of the amount of innovation that we've done within the portfolio.

That said, I do think there's so much more we can do, particularly through cloud adoption, to make those services even more effective when you take into consideration the opportunities that AI produces as you've outlined.

So I do think the other providers in the market are, some way, I would say, behind us at the moment commercially and strategically. And although we obviously compete with a whole range of different businesses across that core screening space, I'm confident that the reason that we've continued to be the leader in the market is that we'll continue to innovate at pace.

So yes, we will never sit on our laurels. There will always be new entrants, but I think we're well placed, particularly as customers have got that growing desire and need for trusted relationships and partnerships that go back. And for many of our customers, that's wider than Risk Intelligence.

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

Right. Thank you. Questions are coming in thick and fast now, so let's keep going. Arnaud Giblat at BNP Paribas Exane says, you're looking to expand into adjacent markets. Can you talk about how the TAM evolves, how much bigger the TAM gets as you move outside the core financial services into some of these adjacencies?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Yes. So obviously, I would love to have a crystal ball, but I won't be giving any sort of forward-looking forecast. But as you saw in the summary, we operate in a TAM that's expected to grow 8% to 10%. Some of those other providers that I've just touched upon do not have that sort of all-weather model in the way that we do.

So if you think about retail transactions, payment volumes and the sort of increasing core screening opportunity, I think we've got -- we've already got a lot of sort of diverse use cases within the group. But if you think about how customers continue to evolve their onboarding processes, you think about areas like the public sector and where government eIDV schemes -- eDV -- eIDV schemes, I should say, are looking again to innovate and make that onboarding process easier, if you look at that wheel, they are all big opportunities in their own right.

And the great thing that we have is that if we go to a corporate proposition, be it in health care or automotive or gaming, we can help them with that whole range of services. So they will have third parties that they need to do due diligence. They will have big onboarding requirements. They'll have a range of different requirements, and that's why I think it's going to be really interesting to see how that corporate growth happens.

It has been a big driver of growth in the business already over the last couple of years as more and more customer types are being regulated. But I think, as I say, overall, lots to aim at. And with faster cloud-enabled solutions and quicker ways to integrate our data into workflows, we're very well positioned.

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

Right. Next question comes from Mike Werner at UBS, who nice and short simple question actually says, are Risk Intelligence products included in enterprise-wide agreements? Sometimes, we refer to them as LSEG data agreements. And if so, can you talk about why that's a valuable and important channel for the group?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Yes, absolutely. Well, the business thrives and flourishes on those trusted relationships, as I've talked about, and those LDA agreements with our -- particularly with our larger customers, are a very, very effective way to build that trust and partnership, but also to be able to provide a range of different products and services through a single vendor cost effectively because the customer benefits from those economies of scale. So we are very much embedded in the very large number of those LDA agreements.

As I mentioned in the summary, 80% of D&A's large LDA customers have Risk Intelligence. Those that do not have obviously got an ongoing dialogue, and we have the opportunity to share our road map and our innovation.

So yes, very aligned with the wider group, and I think more opportunities to come as we go forward, both from LDA clients taking Risk Intelligence, but also as we introduce new types of customers into the group that may have treasury or other requirements that the wider LSEG Group can help with.

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

Thank you. Next question is from Enrico at JPMorgan with the good question. He was asking about what's the geographical footprint of Risk Intelligence? And are there particular geographies that you're excited about the growth compared to some other geographies where you think the growth might be a bit slower?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Yes. So obviously, very, very global by nature. We have teams all around the world, our three largest hubs being London, New York, and Singapore. We have distributed teams that operate in, as I say, a large number of countries. And the growth of the group overall has been, again, a little bit of an all-weather model because if the Asian IPO market is doing well, that has helped our ETD business traditionally.

As we see different regulatory changes in the US, that helps customers' demand to be more up to date or efficient. So it's -- again, the sort of the all-weather model has supported us well. When it comes to opportunities for growth, I think Asia continues to innovate, particularly around identity and sort of consumer experience. And we've got some large trusted partners that we've secured in the last year or so that are helping us innovate in Asia.

I think our cloud solution helps us take advantage of some of those markets in areas like the Middle East, where it's taken a little bit longer to move away from some of those deployed solutions. And part of that is because of concerns over where the data is hosted.

So again, as part of our strategy, being able to have those multiple hosting sites all across the world will help in a scenario like that. So if I had to pull out two, I think Africa is another big growing demanding market, but yes, lots of opportunity in summary.

Chris Turner ***London Stock Exchange Group PLC - Investor Relations Senior Director***

Exciting stuff. There's a few people who have asked similar questions around retention, including Greg Simpson at BNP Exane, along the lines of, can you talk about retention, customer retention, how that's trended over time? Are there particular pockets of customers that are less sticky than others?

David Wilson ***London Stock Exchange Group PLC - Head of Risk Intelligence***

Yes, it's a great question. So very pleased that the retention across the business has remained very high historically. So we're in the sort of -- we're in the 90s across the group. I think because of the strategic nature, our retention rates are traditionally extremely high in larger businesses and sort of mid-tier organizations and corporates.

When you get down to the very long tail, which could be a watch shop in Hong Kong that needs to demonstrate that they have an AML process, very often, that can be an area that gets eroded purely on price because the sophistication of the solution is not as important as the price itself.

So if I had to pick out one area that perhaps has traditionally been a lower or had a higher churn rate, I would say that, that's sort of very, very small SME business that is either sort of newly regulated or wants to demonstrate that they're compliant pretty quickly.

Chris Turner ***London Stock Exchange Group PLC - Investor Relations Senior Director***

Turning now to questions on the area of the market structure. We've had a few different analysts asking similar-ish questions. Can you talk a little bit about the overall market structure based on the slide, I think slide number 8, I think it might be, where we've talked about that Risk Intelligence was around 5% of the group -- of the space? How fragmented is the industry? Are we one of the larger players, one of the smaller players? If you could share your thoughts on that general theme, please.

David Wilson ***London Stock Exchange Group PLC - Head of Risk Intelligence***

Yes. I think what makes this market very interesting is the fact that it is extremely fragmented. So in some of the markets in which a business like LSEG operates, we will have two or three dominant players in the market. . Now that's not been the case.

So if you look at sort of that fragmented sort of slide that I showed, I think it was Slide 16, companies traditionally have been happy to buy a range of different products and deal with that challenge of stitching them together, particularly larger organizations. So I don't mind taking my data from World-Check, but using perhaps LexisNexis for something else or Trulioo for something else.

But the way the market has changed is you are now seeing consolidation, and you're seeing, obviously, M&A activity as that market consolidates. But what you're also seeing is obviously a real demand from customers to deal with fewer vendors, and they want to do that effectively. So they would much rather deal with a handful of companies rather than this traditional picture.

So those companies that are successful, I would say, in being able to take advantage of a wider offering set, but also consolidating some of these smaller opportunity areas, I think, are the businesses that are going to win. I think the other thing that has changed is that it is much riskier to deploy perhaps a start-up in financial crime or fraud within a large organization perhaps than it was some time ago because of that increasing cyber risk, because of the concerns about ultimate beneficiary owners.

So I think the larger trusted and well-known businesses, if they execute well, should be in good position to take advantage as that market consolidates.

Chris Turner ***London Stock Exchange Group PLC - Investor Relations Senior Director***

Thank you. We've had a couple of questions on sort of the next step for that, which is how do you think about inorganic growth in the space? Is that a tool that you have in your toolkit?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Yes, absolutely. I mean, to that sort of last point around the ability to consolidate, so where we see opportunities either with very, very strong proprietary data sets or technology and tools and analytics that appeals to us, then inorganic is very much part of our plan.

Obviously, when you looked at the sort of the way the business has transformed back from 2000, it has been very much part of our heritage, the acquisition of businesses like GIACT and GDC. And I think others will definitely materialize. I think when it comes to the group appetite because of the success of the Risk Intelligence business and because of the opportunity that it -- the market opportunity that is available to it, I do see also the support and the resources being there when we need it.

So always difficult to say who, when and how, but certainly part of our plans.

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

Thank you, David, and thank you to everyone who's sending in questions. I can't promise we'll get to all of them, but we've got time for at least a few more. One here coming from the buy side, really asking about pricing.

Can you talk about how much of the growth is coming from price? And then in terms of how you think about price conceptually in terms of as you roll out new functionalities, particularly AI functionalities, are they an additional extra charge? Or are they part of the core proposition in terms of pricing?

David Wilson *London Stock Exchange Group PLC - Head of Risk Intelligence*

Yes, so really good questions. Let me start with the first one, which was around the growth and the price. So if you think about that growth overall, it's typically a third that we -- a third of the growth that has come from pricing.

So we traditionally price once a year in January. If you think about the -- if you take screening as the largest part of the business, if you think that every year we have to deal with this growing number of individuals that are sanctioned, companies that are sanctioned and complexity as those regulatory regimes change, we can demonstrate to our customers why we're adding more data and functionality.

So even though we tend to continue to increase that price, we've got that price elasticity, and we've got that high retention because we can demonstrate the value that we're adding. I think when it comes to AI, it all depends on the particular use case.

So as an example, if you think about things like alert remediation, if you're operating a very small business and you're only dealing with a small number of transactions, it may be that you're comfortable to work with the screening model that you've done traditionally, and you wouldn't be interested in a sort of automated alert remediation. However, if you're at the other end, there is a very, very clear return on investment by being able to automate those low-risk alerts that normally find their hands in -- normally find themselves in the hands of analysts.

So I think when you're driving those really significant cost and efficiency drivers, then there will be opportunities to monetize because I think what we're seeing, if you think about things, if I take AI as an example in alert remediation, not only is this reducing the noise in terms of the numbers of alerts and the speed in which they can be dealt with, but it's also allowing organizations to focus on the alerts where the true risk is.

So in doing so, being more effective at identifying bad actors and potential fraud. So I think the value proposition will allow us to monetize in certain circumstances, but I think it will all depend on the use case and the customer time. I hope that's useful, and that's quite broad.

Chris Turner *London Stock Exchange Group PLC - Investor Relations Senior Director*

A couple of last questions I think we can squeeze in. It's a good question here saying in the presentation, you talked about regulation as one of the themes in the space or one of the drivers of growth. How do you think about that in sort of the medium term? Are there any particular catalysts you're looking at? Or tying this to a similar question someone else has asked, with the US administration seemingly rolling back on regulation, is that perhaps a headwind to the business from here?

David Wilson ***London Stock Exchange Group PLC - Head of Risk Intelligence***

Yes. So one of the things that's happened is this sort of fracturing of sort of ecosystem operating on a common OFAC standard and with the UN acting as a body that is representative of countries around the world, what we've seen is now most large countries are moving towards certainly their -- either their own complete AML and KYC regulation or very specific regulation around certain entity types and certain areas where there is concern about doing business. So I think that complexity is going to continue.

And as an example, if we think about some of the changes last time in Mr. Trump's first administration, the frequency of those new sanction updates meant that customers were drawn to a brand like World-Check, where we had the most resources and the most capability of responding to that and putting that into a recommendation quickly.

At the moment, obviously, things are changing all the time when it comes to those sort of changes. There is talk of discussing regulation. We don't see really any of our customers today moving away from their traditional areas of operation because I think there's an awareness and an understanding that things can change quite quickly.

So even though things may be easing up, there's been no sort of drive to do things differently. I think where we're protected is even if that happens in core financial services in the US, we have -- obviously, we've got a global business, but we've also got these other drivers of growth.

So regulation, yes, very important, but it's not the only one. We've got the digital transaction payment volumes. We've got third-party risk, which is a business requirement. So interesting to see how things play out. But I think the other thing that will continue to happen also from a regulatory point of view is that regulators are increasingly turning their attention to corporates when it comes to enforcement and fines.

And therefore, corporates are needing to think and act like financial institutions more and more. And again, I think that provides opportunity.

Chris Turner ***London Stock Exchange Group PLC - Investor Relations Senior Director***

Great. Thank you, David. We'll squeeze in one last question. We're a little over time, but let's do it anyway, which is one of your slides talks to customer demand for cost savings and greater efficiency. Are you talking about price deflation there? Is there pressure coming from customers in terms of pricing?

David Wilson ***London Stock Exchange Group PLC - Head of Risk Intelligence***

No, the efficiency is purely due to the volume of work that's being created. So if you think about the sanctions area and more and more noise in the top of the machine driving more and more alerts, they want to be able to automate and deal with those alerts more efficiently and ultimately move to perhaps a model in a few years' time where those alerts are managed by agents -- AI agents rather than individuals.

But they also want to be able to, where possible, use better data to reduce the number of false matches they get. So they are looking at this as a sort of cost per -- cost of compliance and total cost of ownership picture. And we can ordinarily demonstrate that our data will provide lower friction in the machine.

If you're on the payments side, we can now allow our business to make payments to 26 different countries through a single API rather than setting up different payment rails, all of which has time and cost. So sometimes, it's also that breadth of the offering just make things easier and faster and cheaper to deliver. But certainly, for the compliance function, there's a widespread desire to reduce that total cost of compliance, which has continued to grow for the last decade or so.

Chris Turner ***London Stock Exchange Group PLC - Investor Relations Senior Director***

Look, thank you, David, very much for taking the time to talk us through your business and share your insights. The slide presentation that you showed will be on the Investor Relations section of our website shortly.And also finally, thank you to everyone who took the time to ask a question. We're happy to follow up as the IR team later on to chat through some of those in more detail if that's helpful.

But for now, we will call it a day. Thank you, everyone.

David Wilson ***London Stock Exchange Group PLC - Head of Risk Intelligence***

Thank you, everyone, for joining.

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