

# Understanding the Impact of COVID-19 to Identify Unusual Activity

A GUIDE FOR RISK AND  
COMPLIANCE PROFESSIONALS

Prepared on May 6, 2020

Updated on June 1, 2020

 **StratisAdvisory**

Updated to  
include Singapore  
analysis, COVID  
Review Checklist,  
Customer Risk Profiles,  
and New Normal  
cashless digital  
experience.



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# About This Report

## Current situation:

Currently, COVID-19 has resulted in various levels of stay-at-home, shelter-in-place and lockdown orders from government officials in most jurisdictions globally. Furthermore, particularly in the United States, Singapore and the United Kingdom, the direct result of those orders has divided the workforce of cities, regions and municipalities into essential and non-essential businesses, i.e., who can operate as normal, in a modified manner or not all. Overnight, businesses and their communities were ground to a swift halt, altering business and customer transactional behavior almost immediately.

## Why this matters?

As a global community, we have yet to discover just how much this virus will affect our lives and how lasting those affects will be. As we rapidly propel into the “new normal,” what we do know is that the impacts of COVID-19 on the financial sector will be great and long-lasting. Trying to remain a proactive, forward-thinking risk and compliance professional has never been more important. However, there will be challenges understanding how to properly assess the financial activity that comes through your financial institution. It will not always be easy to determine if an activity is part of the “new normal” or—potentially—part of a criminal scheme to launder the proceeds of crime. As fellow professionals in the banking, fintech and financial services sector, we understand.

## How the situation will impact financial institutions’ ability to identify unusual activity?

This report is designed to offer a helping hand to those in financial institutions that are charged with understanding the financial transactional result side of the crisis. There will be pressure to identify, analyze, re-risk rate and report customer behavior. Here, we are hoping to accelerate that process for you, as stay-at-home orders have significantly altered normal transactional patterns.

“This is a very global phenomenon, and we’re seeing economic data from around the globe which is very, very negative...”

—Jerome Powell,  
Federal Reserve  
Chairman on  
April 29, 2020



# How Governments Have Restricted Mobility in Response to COVID-19

## Stay-at-Home / Shelter-in-Place / Partial Lockdown

Order by a state or national government for residents to remain in place at their homes except for essential activities, essential business and essential government functions. Social distancing measures in effect.

## Lockdown

Order by a government for residents to remain in place at their homes with significant restrictions on external movement and limited exceptions for essential services and functions. Restrictions are enforced by relevant services, including the police, through issuing fines or dispersing gatherings.

## Lockdown or Stay-at-Home Lifts Already Started

Government or state orders still in effect but restrictions slowly being lifted. Non-essential businesses gradually reopening with localized restrictions for specific cities or jurisdictions that are still considered high-risk.

## Reopened Jurisdictions

Government lockdown or state stay-at-home orders already expired. Social distancing and public guidelines still apply, but multiple sectors of non-essential businesses have reopened with modifications. Jurisdictions starting to move to “new normal” based on government-issued stages.





# Changes in Restricted Mobility from Stay-at-Home Orders to Reopening

● Stay-at-Home / Shelter-in-Place / Partial Lockdown 
 ● Lockdown 
 ● Lockdown or Stay-at-Home Lifts Already Started 
 ● Reopened Jurisdictions

June 1, 2020: Cities analyzed in this updated report



May 4, 2020: Cities analyzed in original report





# How the Transactional Landscape has Changed in New York, San Francisco, Singapore and the United Kingdom

COVID-19 Stay-at-Home and Lockdown orders in New York, San Francisco, Singapore and the United Kingdom, the areas covered in this report, distinguish between Essential and Non-Essential Businesses.

## What are Essential Businesses?

Services that the interruption of which would endanger the life, health or personal safety of the whole or part of the population. Persons should stay home and only access essential services when necessary. Each household should designate one person to obtain groceries or supplies from essential services. When accessing essential services, persons must practice safe social distancing and good hand hygiene. If a person feels unwell, they are required to stay-at-home and self-quarantine for a minimum of 14 days.

## What are Non-Essential Businesses?

Services not providing food supplies, health, financial support or utilities and when not offered to the public will not impact life, health or personal safety. Non-essential services are prohibited from admitting patrons into their establishments but may continue serving the public by means of phone, virtual services, delivery or pick-up, provided preventative measures are taken by the employer, business operator or manager.

“For bricks-and-mortar retailers, the closure of non-essential shops led to deserted high streets and high double-digit declines in sales, which even a rise in online shopping could not compensate for.”

—Helen Dickinson,  
Chief Executive,  
British Retail Consortium







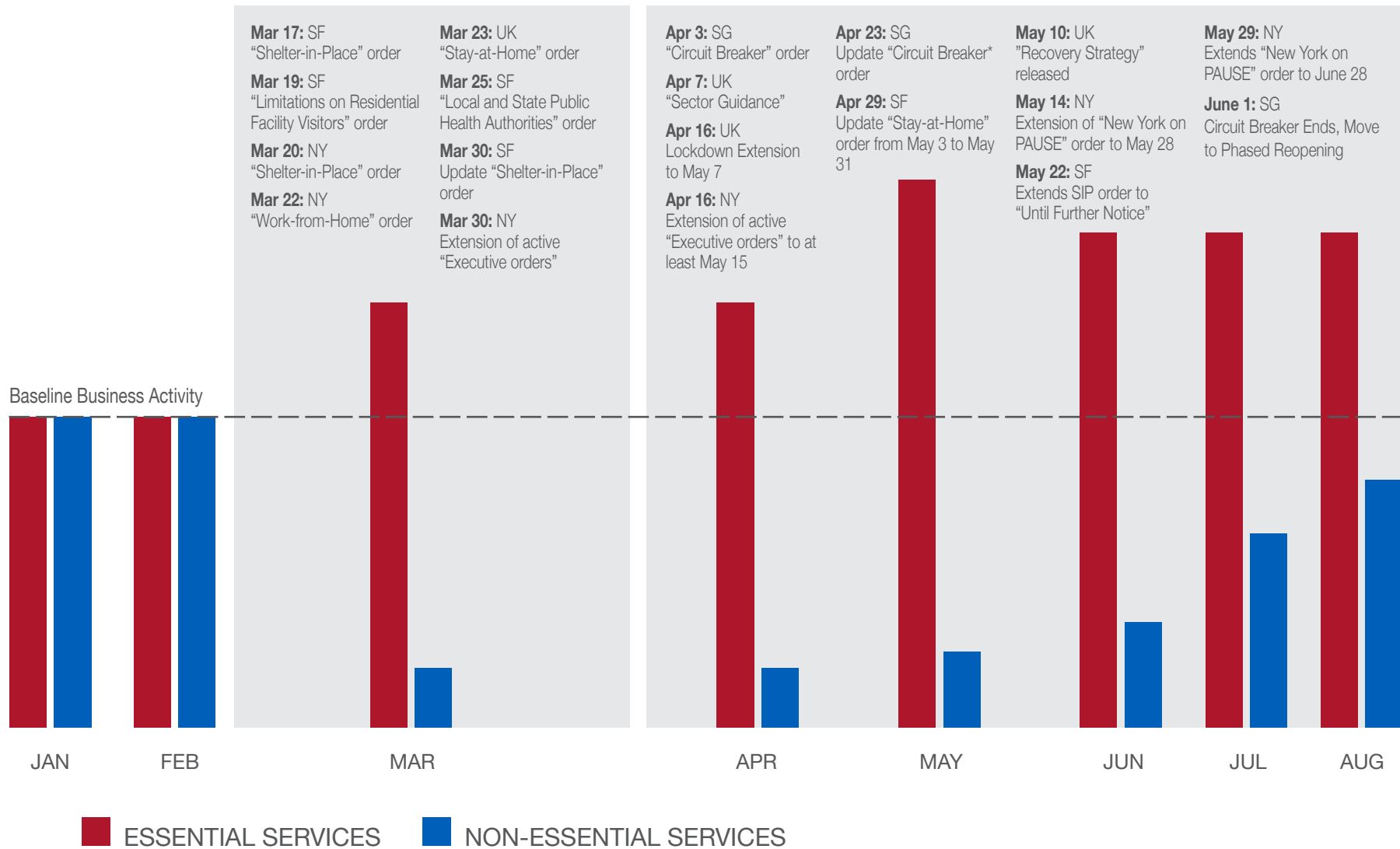
# Stay-at-Home Timelines

FOR ESSENTIAL VS. NON-ESSENTIAL BUSINESSES  
IN NEW YORK, SAN FRANCISCO, SINGAPORE AND  
THE UNITED KINGDOM



# Essential vs. Non-Essential Businesses Timeline

The table below shows the dates of stay-at-home and lockdown orders in New York, San Francisco, Singapore and the United Kingdom and the expected transactional impact of these orders on essential and non-essential businesses.



**Mar 17:** SF  
 "Shelter-in-Place" order  
**Mar 19:** SF  
 "Limitations on Residential Facility Visitors" order  
**Mar 20:** NY  
 "Shelter-in-Place" order  
**Mar 22:** NY  
 "Work-from-Home" order  
**Mar 23:** UK  
 "Stay-at-Home" order  
**Mar 25:** SF  
 "Local and State Public Health Authorities" order  
**Mar 30:** SF  
 Update "Shelter-in-Place" order  
**Mar 30:** NY  
 Extension of active "Executive orders"

**Apr 3:** SG  
 "Circuit Breaker" order  
**Apr 7:** UK  
 "Sector Guidance"  
**Apr 16:** UK  
 Lockdown Extension to May 7  
**Apr 16:** NY  
 Extension of active "Executive orders" to at least May 15

**Apr 23:** SG  
 Update "Circuit Breaker" order  
**Apr 29:** SF  
 Update "Stay-at-Home" order from May 3 to May 31

**May 10:** UK  
 "Recovery Strategy" released  
**May 14:** NY  
 Extension of "New York on PAUSE" order to May 28  
**May 22:** SF  
 Extends SIP order to "Until Further Notice"

**May 29:** NY  
 Extends "New York on PAUSE" order to June 28  
**June 1:** SG  
 Circuit Breaker Ends, Move to Phased Reopening



# New York, San Francisco, United Kingdom and Singapore Classifications Based on Initial Orders

ESSENTIAL BUSINESSES		CLASSIFICATION DATE				
CATEGORY	BUSINESS TYPE	SF	NY	UK	SG	
HEALTHCARE OPERATIONS	Hospitals	3/17/2020	3/20/2020	3/23/2020	4/3/2020	
	Health Clinics					
	Dental Services					
	Senior/Elder Care					
	Medical Wholesale and Distribution					
	Home-Based Care					
	Research and Laboratories					
	Medical Supplies and Equipment					
	Veterinary/Livestock Services					
	Nursing Homes/Residential Health Care Facilities					
	Mental Health and Abuse Treatment Providers					
Cannabis Dispensaries						
RETAIL	Grocery Stores/Supermarkets	3/17/2020	3/20/2020	3/23/2020	4/3/2020	
	Pharmacies					
	Restaurants/Cafes (Take-out/Delivery Only)					
	Hardware					
	Certified Farmers' Markets					
	Farm and Produce Stands					
	Convenience Stores					
	Gas Stations et al.					
Pet Food and Supplies <i>(Deemed non-essential in SG on 4/21/2020)</i>	4/3/2020					
NEWS MEDIA	Media Services	3/17/2020	3/20/2020		4/3/2020	
SAFETY, SANITATION AND OPERATIONS OF RESIDENCES / BUSINESSES	First Responders	3/17/2020	3/20/2020		4/3/2020	
	Emergency Management Personnel/Dispatchers					
	Law Enforcement					
	Security					
	Disinfection/Extermination					
	Essential Government Services					
	Court Personnel					
	Residential Moving Services (Essential Only)					3/20/2020
	Service Providers that Enable Residential Transactions					3/31/2020
	Building Code Enforcement					3/20/2020

“Businesses that do not provide “essential” services must send workers home. Among those remaining open are grocery stores, pharmacies, restaurants for delivery only and hardware stores. Most workers are ordered to stay home, with exceptions including health care workers.”

—San Francisco Chronicle on March 16, 2020



# New York, San Francisco, United Kingdom and Singapore Classifications Based on Initial Orders

ESSENTIAL BUSINESSES		CLASSIFICATION DATE				
CATEGORY	BUSINESS TYPE	SF	NY	UK	SG	
SUPPORT FOR ESSENTIAL SERVICES AND WORKING FROM HOME	Technology Support (Onsite and Remote)	3/17/2020	3/20/2020		4/3/2020	
	Logistics/Delivery Services					
	Childcare Facilities					
	Educational Institutions					
MANUFACTURING	Food Cultivation	3/17/2020	3/20/2020		4/3/2020	
	Medical Equipment					
	Pharmaceuticals					
	Food/Beverage Processing					
	Sanitary/Personal Care Products					
	Chemicals					
	Telecommunications					
	Micro-electronics/Semiconductors					
	Household Paper Products					
Defense Industry and Transportation Infrastructure						
INFRASTRUCTURE	Airport/Airline Operations	3/17/2020	3/20/2020		4/3/2020	
	Utilities					
	Oil Refining					
	Roads/Highways					
	Public/Private Transportation					3/23/2020
	Solid Waste Facilities					
	Internet/Telco					
	Shipping Vessels					
Hotels, Motels, Shared Rental Units	3/23/2020					
CONSTRUCTION	Construction to Ensure Safety of Homeowners	3/31/2020	3/20/2020		4/3/2020	
	Public Works to Support Essential Activities and COVID-19 Efforts					
	Construction of Housing ( <i>Deemed non-essential, subject to qualification</i> )	3/31/2020	3/27/2020			

“Household spending has plummeted as people stay home, and measures of consumer sentiment have fallen precipitously. Hotels, airlines, restaurants, department stores and other retailers have been particularly hard hit.”

— Jerome Powell, Federal Reserve Chairman on April 29, 2020

# New York, San Francisco, United Kingdom and Singapore Classifications Based on Initial Orders

NON-ESSENTIAL BUSINESSES		CLASSIFICATION DATE				
CATEGORY	BUSINESS TYPE	SF	NY	UK	SG	
HEALTHCARE OPERATIONS	Personal Care Services (Barbershops, Hair Salons)	3/17/2020	3/21/2020		4/21/2020	
	Personal Care Services (Spas, Piercing/Tattoo Parlors, etc.)					
	Routine Medical Appointments		3/23/2020		4/3/2020	
	Elective Surgeries					
	Senior/Elder Care					
RETAIL	Theaters, Arenas, Auditoriums	3/13/2020	3/16/2020	3/23/2020	4/3/2020	
	Casinos					
	Event Places, Conference Centers					
	Bars					
	Nightclubs	3/15/2020				
	Wineries					
	Gyms	3/17/2020				
	Public Amusement/Recreation Facilities					
	Common Portion of Shopping Malls		3/19/2020			
	Non-Essential Retail (Shoes, Bags, Jewelry, Clothing, etc.)	3/17/2020				
	Auto Dealership (Unless Purchased Online and Home-Delivered)	3/31/2020				
	Car Washes					
Standalone outlets that only sell beverages, packaged snacks, confectioneries				4/21/2020		
MANUFACTURING	Manufacturing of Non-Essential Products or Goods	3/31/2020	3/20/2020		4/3/2020	
OUTDOOR ACTIVITIES	Public Parks, Beaches, and Open/Parking Spaces	3/31/2020		3/23/2020	4/3/2020	
	Golf Courses, Ball Courts, Rock Parks, Climbing Walls, Pools					
	Shooting and Archery Ranges					
	Playgrounds		4/1/2020			
CONSTRUCTION	Construction for Home "Improvement"	3/31/2020	3/30/2020		4/3/2020	
	Public Works Construction Not-Essential to Safety and Health					
RELIGIOUS	Worship Services	3/13/2020	3/16/2020	3/23/2020	4/3/2020	

“The shuttering of nonessential businesses has made a “tremendous impact” on a money laundering system dubbed the black market peso exchange.”

—Headline in Los Angeles Times, April 29, 2020





# Expected Impact

WHAT RISK AND COMPLIANCE PROFESSIONALS SHOULD  
EXPECT TO SEE OVER THE COMING MONTHS



# Expected Impact on Financial Transactions

## Phase I: Normal

### What was business as usual?

- No orders in place
- No mobility limitations
- Activity should reflect normal business operations
- Consider seasonality of business
- Travel and discretionary spending normal

## Phase II: Impacted

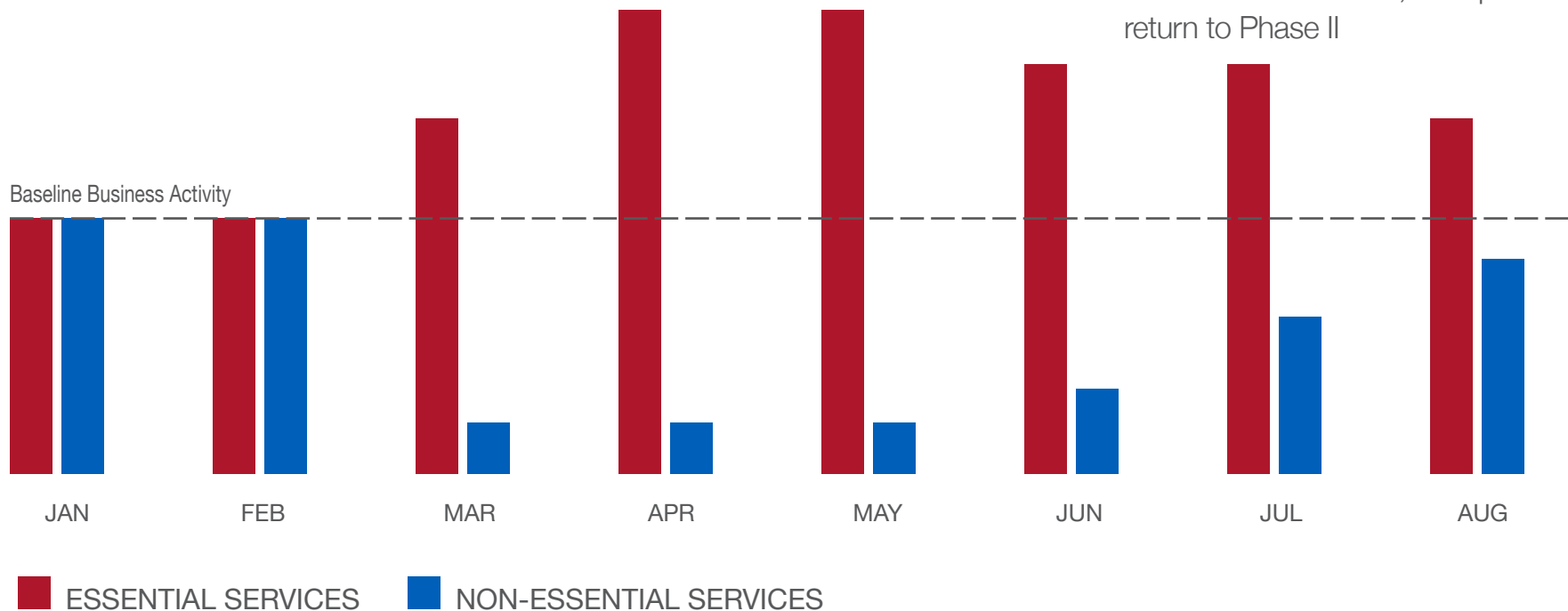
### How do the orders impact transactions?

- As orders are issued, transaction volumes and values should decline significantly in March
- Social distancing measures impact overall business and consumer spending in March, April and May
- Low mobility increases e-commerce and card-not-present activity, reduces cash activity significantly
- Widespread in transactions between essential and non-essential business activity

## Phase III: New Normal

### What does the new normal look like?

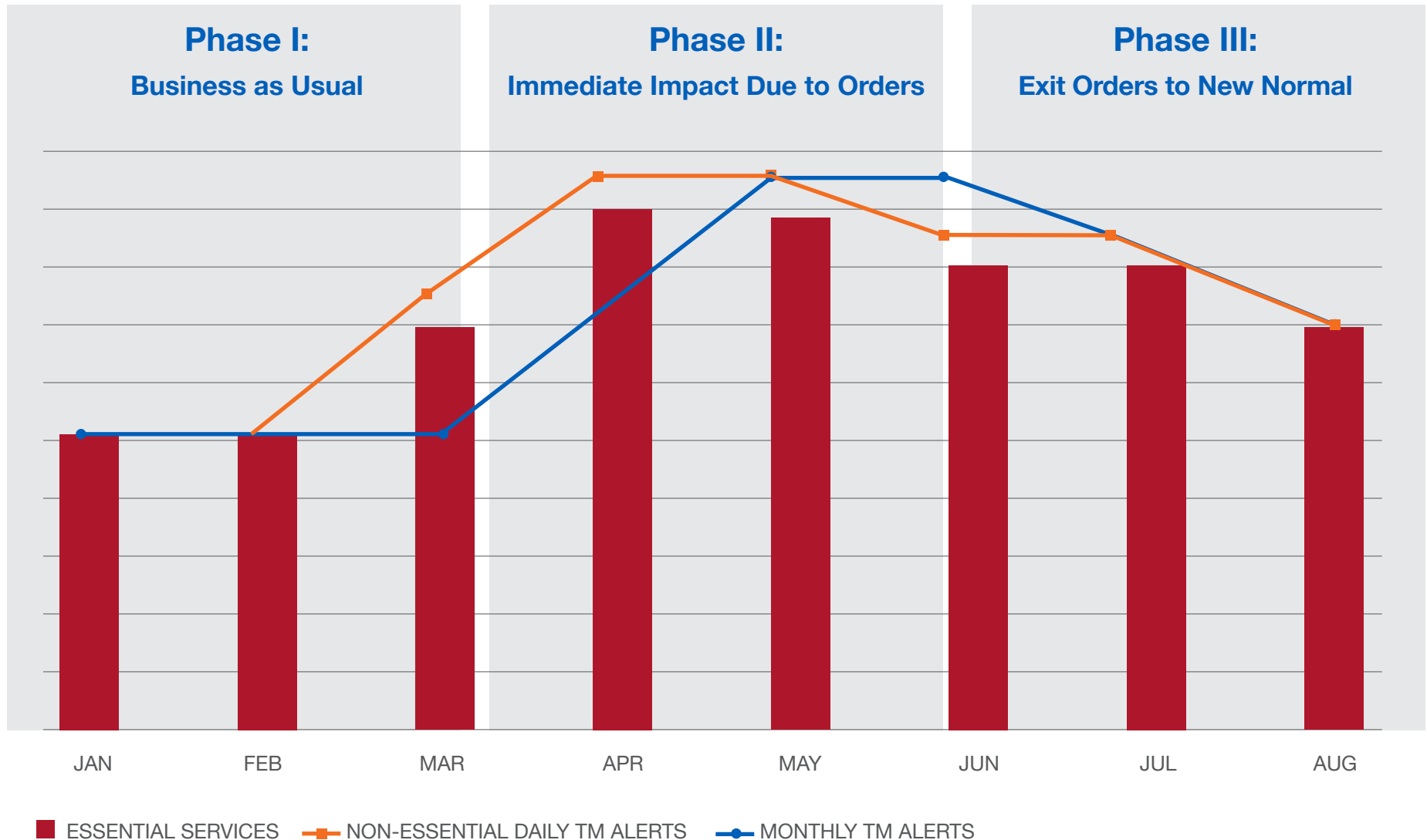
- Social distancing measures continue to impact overall business and consumer spending
- Increase in mobility increases consumer confidence and spending, businesses slowly reopen
- Potential for permanent changes in transaction behavior
- Altered transaction pattern based on business classification
- If orders are re-issued, then potential for return to Phase II





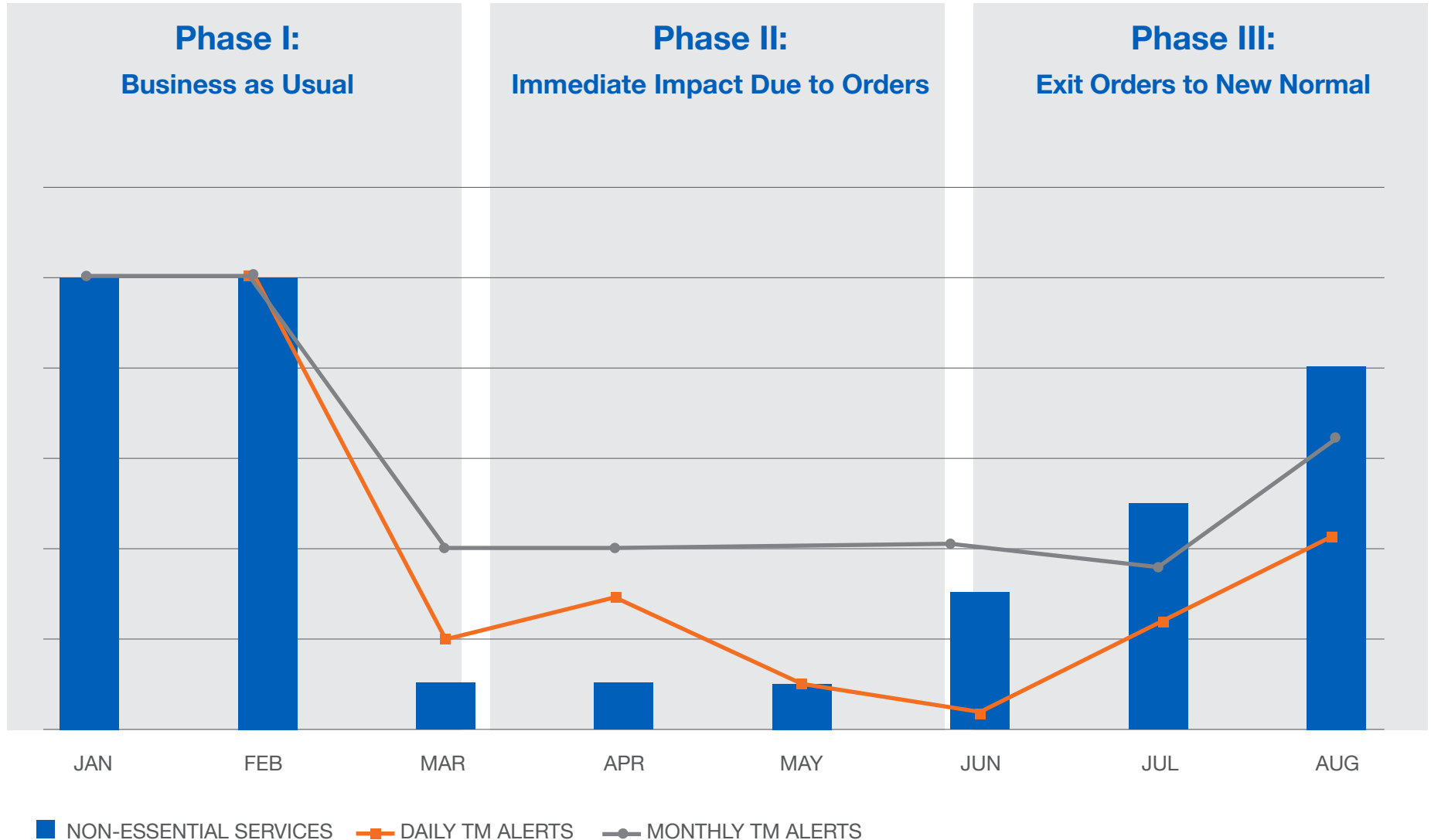
# Essential Services and Transaction Monitoring

Transaction monitoring alerts for essential business activity should increase during Phase II due to scarcity of products and services that are normally spread across all businesses when operating under normal pre-COVID conditions. As people adjust in Phase III, alert activity should settle in line with the loosening of stay-at-home orders. During Phases II and III, financial institutions should be on alert for “hiding-in-place” illicit activity, where essential businesses are used to process activity that normally would have been transacted through now-classified, non-essential businesses to avoid detection.



# Non-Essential Services and Transaction Monitoring

Transaction monitoring alerts for non-essential business activity should decrease during Phase II due to significant declines in activity under normal pre-COVID conditions. As people adjust in Phase III, alert activity should settle in line with the loosening of stay-at-home orders. During Phases II and III, financial institutions should be on alert for “hiding-in-place” illicit activity, where non-essential businesses seek to mirror essential businesses to avoid detection.





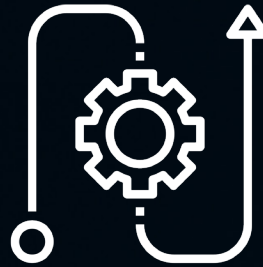
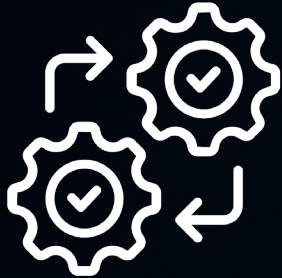


# Identifying Unusual Activity

FOR ESSENTIAL VS. NON-ESSENTIAL BUSINESSES IN NEW YORK,  
SAN FRANCISCO, SINGAPORE AND THE UNITED KINGDOM



# Steps for Identifying Unusual Activity



## Step 1

Remediate alerts due to spikes in essential business activity

Understand the business's exposure and potentiality to become vulnerable to financial exploitation

Align activity to order and lockdown timelines and geographies

Does the activity observed make sense for the business classification (essential vs. non-essential)?

## Step 2

Look back at non-essential businesses with unchanged or an increase in activity

Seek to understand if the business model has changed to accommodate operating while under stay-at-home and lockdown orders

Leverage online and social media platforms for posts, tweets, notifications, etc. on updates to business availability and services status

Does the activity observed make sense for the business type?

## Step 3

Review alert methodologies for the “new normal” of reduced/ increased activity of client base going forward the next 12 months

Update Know Your Customer (KYC) to reflect current status of the business and any known changes to its identified services

Consider a COVID-specific risk-monitoring program based on essential and non-essential business classification

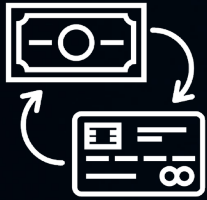


# Types of Unusual Activity



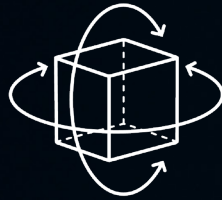
**Non-essential** businesses continuing to transact at previous levels, particularly with cash, could indicate facilitation of financial crime.

In an effort to avoid this exposure, an illicit business may take one of the following actions or forms:



## Pivot

Businesses used to facilitate financial crime shift their transactions out of cash, to instead be used in the layering or integration stages of money laundering rather than placement.



## Repurpose

Products and services of an existing business are shifted to be considered an **essential** business in order to continue facilitating financial crime.



## Compromise

The bad actor(s) operating an illicit **non-essential** business compromises another existing business that was previously operating legitimately, whether willingly or not.



## Frankenbusiness

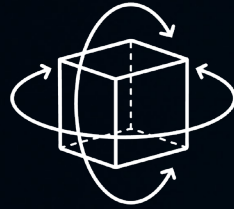
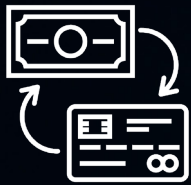
A new **essential** business may be opportunistically formed in an attempt to fraudulently take advantage of the current environment.



## Reformed

An **essential** business that previously facilitated financial crime is now no longer doing so because of significant activity due to government orders.

# Examples of Expected and Unusual Activity



## EXPECTED ACTIVITY

A local restaurant's business activity remains steady due to increased takeout and delivery orders from residents under stay-at-home orders, including cash.

A brewery begins making hand sanitizer and is now deemed essential; local retailers purchase sanitizer using ACH or wire instead of consumers using cash for beer.

A fabric store begins producing cloth masks and selling them to the public to be deemed essential and remain open.

New authorized signers or owners are added to a grocer's account due to a previously planned investment or ownership change.

A clothing store that had not yet opened its doors prior to the stay-at-home orders shifts its inventory purchases to personal protective equipment.

## UNUSUAL ACTIVITY

A bar known to be closed continues to deposit similar amounts of cash each week as it continues to place illicit cash proceeds.

A nightclub's cash and card activity shifts to ACH and wire; it claims to be using its space as storage for essential businesses but is instead layering previously placed illicit cash proceeds.

A barbershop obtains a supply of masks to sell from its retail storefront in order to continue commingling illicit cash proceeds with mask sales.

New construction business hires multiple "subcontractors" to provide frequent, simple handyman services as a front for human-trafficking.

A new corporation is formed with no retail or online presence while fraudulently claiming to have large supplies of personal protective equipment.



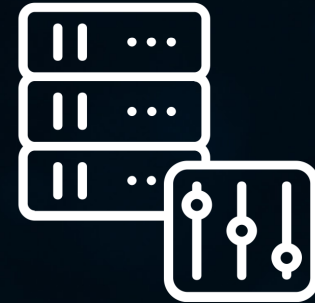


# Managing Customer Risk

OF ESSENTIAL AND NON-ESSENTIAL BUSINESSES



# Steps to Managing Customer Risk Profiles



## Step 1

Create new profile information as to whether or not a given business:

- Is currently or was previously subject to essential or non-essential business classification;
- Is supporting businesses deemed essential or non-essential;
- Is within a jurisdiction with stay-at-home orders;
- Has shown a significant change in transaction volume or pattern since the onset of the stay-at-home orders; or
- Has received government stimulus such as the Paycheck Protection Program (PPP) in the US.

## Step 2

Review those businesses, or populations of businesses, that meet any of the criteria within Step 1:

- Develop and issue a COVID-questionnaire to businesses.
- Did the activity change as expected due to being deemed essential or non-essential?
- Did the activity change as expected due to an impact on demand from being within a jurisdiction under a stay-at-home order?
- Were the funds from any government stimulus used as intended?

## Step 3

Update business risk ratings based on the actual activity from the review performed in Step 2. However, further determine on “new normal” criteria:

- Whether or not the change in activity is temporary during stay-at-home orders; or
- Whether the activity is long-term or permanent due to shifts in consumer or business behavior.
- Monitor the spending window for recipients of any government stimulus programs.
- Consider ongoing monitoring of the customer population with activity outside of appropriate classification.



# COVID Review Checklist

<b>CLIENT NAME</b>	
<b>ACCOUNT NUMBER</b>	
<b>LOCATION(S)</b>	

#	INFORMATION	APPLICABLE
1	Is the business situated in a location subject to a government-issued "stay-at-home" order?	Yes/No
2	Are the business's products/services classified in a government-issued order (e.g., essential or non-essential)?	Yes/No
3	Is the business located in a central business district, residential area, or other location where the population has changed during the order(s)?	Yes/No
If "Yes" to any of the above:		
4	Do open source searches of the business support the stated essential or non-essential business purpose of the account(s), such as operating hours, locations, modifications to services offered, payment methods, etc.?	Yes/No
5	Is there unusual activity on online review sites such as Yelp, Google reviews, etc., showing possible recent fake reviews to establish credibility, modifications to operations under the orders or a newly formed business?	Yes/No
6	Do the goods/supplies provided or purchased by the business match the essential or non-essential classification type?	Yes/No/NA
7	Is the business exhibiting transaction activity involving non-essential travel purchases to locations that have "locked down" borders?	Yes/No
8	Have average transaction amounts significantly increased during the "stay-at-home" time frame, which are not commensurate with the expected activity for the business type during the orders?	Yes/No
9	Have average transaction patterns changed significantly (e.g., small number of large transactions to many small transactions, or vice versa) during the "stay-at-home" time frame, which are not commensurate with expected activity for the business type during the orders?	Yes/No
10	Is current business activity aligned with expected changes in activity due to the business's classification or its presence in a location that is subject to a government-issued "stay-at-home" order?	Yes/No
<b>STAY-AT-HOME ORDER STATUS (If "Yes" to any of 1-3)</b>		
11	Business's country/state/local jurisdiction(s) prior and current classification status	
12	Date of initial classification and date(s) of modifications to classification	





# Expected Patterns

OF ACTIVITY FOR ESSENTIAL AND NON-ESSENTIAL BUSINESSES



# Expected Transaction Patterns of Essential Businesses

BUSINESS TYPE	JURISDICTIONS IMPACTED	TRANSACTION TYPES						
		Cash	Check	Card	Bank Transfer	Wire	Digital Wallet	Virtual Currency
<b>HEALTHCARE OPERATIONS</b>								
Hospitals	SF, NY, UK, SG							
Health Clinics	SF, NY, UK, SG							
Dental Services	SF, NY, UK, SG							
Senior/Elder Care	SF, NY, UK, SG							
Medical Wholesale and Distribution	SF, NY, UK, SG							
Home-Based Care	SF, NY, UK, SG							
Research and Laboratories	SF, NY, UK, SG							
Medical Supplies and Equipment	SF, NY, UK, SG							
Veterinary/Livestock services	SF, NY, UK, SG							
Nursing Homes/Residential Health Care Facilities	SF, NY, UK, SG							
Mental Health and Abuse Treatment Providers	SF, NY, UK, SG							
Cannabis Dispensaries	SF							
<b>RETAIL</b>								
Grocery Stores/Supermarkets	SF, NY, UK, SG							
Pharmacies	SF, NY, UK, SG							
Restaurants/Cafes (Take-out/Delivery Only)	SF, NY, UK, SG							
Hardware	SF, NY, UK, SG							
Certified Farmers' Markets	SF, NY, UK, SG							
Farm and Produce Stands	SF, NY, UK, SG							
Convenience Stores	SF, NY, UK, SG							
Pet food and Supplies	SF, NY, UK, SG							
Gas Stations et al.	SF, NY, UK, SG							
<b>NEWS MEDIA</b>								
Media Services	SF, NY							



# Expected Transaction Patterns of Essential Businesses

BUSINESS TYPE	JURISDICTIONS IMPACTED	TRANSACTION TYPES						
		Cash	Check	Card	Bank Transfer	Wire	Digital Wallet	Virtual Currency
<b>FINANCIAL INSTITUTIONS</b>								
Banks	SF, NY, UK, SG							
Lending Institutions	SF, NY, UK, SG							
Insurance	SF, NY, SG							
Payroll	SF, NY, SG							
Accounting	SF, NY, SG							
Services Related to Financial Markets	SF, NY, SG							

<b>BASIC NECESSITY PROVIDERS FOR THOSE IN NEED</b>							
Food Banks	SF, NY, UK						
Homeless Shelters	SF, NY, UK						
Social Services and other Necessities (Care, Protection and Custody)	SF, NY, SG						

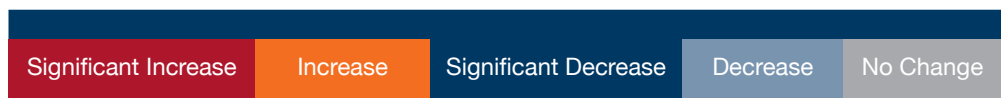
<b>GENERAL SERVICES</b>							
Waste Management	SF, NY, SG						
Mailing/Shipping Services	SF, NY, UK, SG						
Laundry Service	SF, NY, UK, SG						
Childcare Services	SF, NY, SG						
Maintenance Services	SF, NY, SG						
Auto Repair	SF, NY, UK, SG						
Bike Repair	SF, NY, UK, SG						
Funeral Home Providers (Attendees of Funeral <10)	SF, NY, UK, SG						
Auto Dealership (Supply and Repair Only)	SF, NY, SG						
Warehouse/Distribution and Fulfillment	SF, NY, SG						
Storage for Essential Businesses	SF, NY, SG						

Significant Increase	Increase	Significant Decrease	Decrease	No Change
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# Expected Transaction Patterns of Essential Businesses

BUSINESS TYPE	JURISDICTIONS IMPACTED	TRANSACTION TYPES						
		Cash	Check	Card	Bank Transfer	Wire	Digital Wallet	Virtual Currency
<b>SAFETY, SANITATION AND OPERATIONS OF RESIDENCES / BUSINESSES</b>								
First Responders	SF, NY							
Emergency Management Personnel/Dispatchers	SF, NY							
Law Enforcement	SF, NY							
Security	SF, NY							
Disinfection/Extermination	SF, NY, SG							
Essential Government Services	SF, NY							
Court Personnel	SF, SG							
Residential Moving Services (Essential Only)	SF, NY, SG							
Service Providers that Enable Residential Transactions	SF							
Building Code Enforcement	NY							
<b>SUPPORT FOR ESSENTIAL SERVICES AND WORKING FROM HOME</b>								
Technology Support (Onsite and Remote)	SF, NY, SG							
Logistics/Delivery Services	SF, NY, SG							
Childcare Facilities	SF, NY, SG							
Educational Institutions	SF, NY, SG							
<b>MANUFACTURING</b>								
Food Cultivation	SF, NY, SG							
Medical Equipment	SF, NY, SG							
Pharmaceuticals	SF, NY, SG							
Food/Beverage Processing	NY, SG							
Sanitary/Personal Care Products	NY, SG							
Chemicals	NY, SG							
Telecommunications	NY, SG							
Micro-electronics/Semiconductors	NY, SG							
Household Paper Products	NY, SG							
Defense Industry and Transportation Infrastructure	NY, SG							



# Expected Transaction Patterns of Essential Businesses

BUSINESS TYPE	JURISDICTIONS IMPACTED	TRANSACTION TYPES						
		Cash	Check	Card	Bank Transfer	Wire	Digital Wallet	Virtual Currency
<b>INFRASTRUCTURE</b>								
Airport/Airline Operations	SF, NY, SG							
Utilities	SF, NY, SG							
Oil Refining	SF, NY, SG							
Roads/Highways	SF, NY, SG							
Public/Private Transportation	SF, NY, UK, SG							
Solid Waste Facilities	SF, NY, SG							
Internet/Telco	SF, NY, SG							
Shipping Vessels	SF, NY, SG							
Hotels, Motels, Shared Rental Units	SF, NY, UK, SG							
<b>CONSTRUCTION</b>								
Construction to Ensure Safety of Homeowners	SF, NY, SG							
Public Works to Support Essential Activities and COVID-19 Efforts	SF, NY, SG							
Construction of Housing	SF, NY, SG							





# Expected Transaction Patterns of Non-Essential Businesses

BUSINESS TYPE	JURISDICTIONS IMPACTED	TRANSACTION TYPES						
		Cash	Check	Card	Bank Transfer	Wire	Digital Wallet	Virtual Currency
<b>HEALTHCARE OPERATIONS</b>								
Personal Care Services (Spas, Barbershops, Hair Salons, Piercing/Tattoo Parlors)	SF, NY, SG							
Routine Medical Appointments	SF, NY, SG							
Elective Surgeries	SF, NY, SG							
<b>RETAIL</b>								
Theaters, Arenas, Auditoriums	SF, NY, UK, SG							
Casinos	SF, NY, UK, SG							
Event Places, Conference Centers	SF, NY, UK, SG							
Bars	SF, NY, UK, SG							
Nightclubs	SF, NY, UK, SG							
Wineries	SF, NY, UK, SG							
Gyms	SF, NY, UK, SG							
Public Amusement/Recreation Facilities	SF, NY, UK, SG							
Common Portion of Shopping Malls	NY, UK, SG							
Non-Essential Retail (Shoes, Bags, Jewelry, Clothing, etc.)	SF, NY, UK, SG							
Auto Dealership (Unless Purchased Online and Home-Delivered)	SF							
Car Washes	SF, SG							
<b>MANUFACTURING</b>								
Manufacturing of Non-Essential Products or Goods	SF, UK							



# Expected Transaction Patterns of Non-Essential Businesses

BUSINESS TYPE	JURISDICTIONS IMPACTED	TRANSACTION TYPES						
		Cash	Check	Card	Bank Transfer	Wire	Digital Wallet	Virtual Currency
<b>HEALTHCARE OPERATIONS</b>								
Public Parks, Beaches, and Open/Parking Spaces	SF, UK							
Golf Courses, Ball Courts, Rock Parks, Climbing Walls, Pools	SF, UK, SG							
Shooting and Archery Ranges	SF, UK							
Playgrounds	SF, NY, UK, SG							
<b>CONSTRUCTION</b>								
Construction for Home "Improvement"	SF, UK, SG							
Public Works Construction Not-Essential to Safety and Health	SF, UK, SG							
<b>RELIGIOUS ACTIVITIES</b>								
Worship Services	SF, NY, UK, SG							







# The New Normal

SHIFT TO REOPENING AND HOW THINGS WILL BE DIFFERENT





“We’re going to start focusing on reopening and how we reopen and how smart we are in reopening.”

Gov. Mario Cuomo,  
NY May 26, 2020  
COVID-19 daily  
press conference

Characteristics of the “New Normal” and their impact on customer and transactional activity:

- Jurisdictions will reopen based on phased approaches
- Each jurisdiction will determine its own guidelines and timelines for reopening
- Phases typically involve modifications from pre-COVID-19 “normal” life
- Social distancing measures to remain in place
- Mobility to slowly shift from low to moderate
- Large-scale work-from-home measures to remain, placing stress on businesses that support business districts
- De-emphasis on central business district, designated office park locations and shared office spaces
- Government stimulus programs will continue to provide funds to businesses with conditions for repayment forgiveness
- Reopening may stall, slow or shift at any time based on an increase in COVID-19 cases
- Businesses will draw down on credit lines and utilize business savings with owners leveraging personal and/or retirement savings
- International travel expected to remain low
- Payments to shift to an emphasis on digital and contactless experiences



# Government-Issued Phased Reopenings Will Result in Significant Changes in Transaction Activity Throughout the Remainder of 2020



## Brick and Mortar Retail

Operate under modified conditions, such as curbside pickup and limited occupancy, reducing foot traffic and thus low-to-moderate transaction volumes



## Eat-in Restaurants

Operate under modified conditions, such as curbside pickup, limited occupancy and reservations, reducing foot traffic, thus low-to-moderate transaction volumes



## Air Travel

Low demand, reducing transactions at all supporting businesses, such as airport facilities, car rentals, hotels, online travel services, travel operators and agents



## Theme Parks

Operate under modified conditions, reducing overall capacity and transactions at parks and local businesses in neighboring areas dependent on high capacity and frequent guest turnover



## Sports & Concert Venues

Transaction activity significantly impacted as large gatherings prohibited, including seasonal and calendar-based transaction activity at venues and all supporting businesses in the geographic area



## Central Business Districts

Transaction activity significantly impacted at all businesses located in the geographic area due to modified business operations, minimal foot traffic, shift to work from home and preference for online services



## Education Facilities

Transaction activity significantly impacted at all businesses located in the geographic area due to modified business operations, limited in-person scheduling with emphasis on remote classes

# COVID-19 Will Accelerate the Shift to a Cashless Digital Experience

With advances in technology, financial services continue to move towards a digital experience. Now, under COVID-19 conditions, there is an ongoing public concern about the cleanliness of cash and cards at point of sale systems, which inherently require person-to-person contact or surface contact to execute a transaction. As a result, we will see a global acceleration in the shift from cash to cashless digital experiences in payments for goods and services that provide for a completely contactless financial transaction.

“We will also shift toward more cashless experiences. We predict the mobile app will become the dominant form of payment.”

Kevin Johnson  
President and CEO, Starbucks

“Contactless is the fastest, easiest and safest, and as of late, as announced by the WHO, the healthiest way to pay and is a key driver in the conversion of cash to electronic payments.”

Michael Miebach  
President MasterCard, Inc.  
Q1 2020 Earnings Call





# About Stratis Advisory

Stratis was founded in 2013 by seasoned risk executives, consultants and serial entrepreneurs who believe in the transformative power of innovation and technology. Headquartered in San Francisco, California, with a globally situated team, we offer clients unmatched, remote-driven experience in strategy, risk, compliance and governance with a global portfolio of clients across six continents advising on ongoing risk management operations in APAC, EMEA, LATAM and NORAM.

As an objective resource in the fintech ecosystem, Stratis connects the dots between companies, investors and banks by integrating deep regulatory risk domain expertise into the broad context of business strategy, risk management and compliance operations at the appropriate size for their growth stage and business scale. Stratis provides the expertise, flexibility and critical industry knowledge—from traditional deposit services to new financial technology driven solutions—to help identify, mitigate and govern risk. Our tailored solutions deliver the market insight, risk-based strategy, governance, licensing execution and operational compliance advisory to reduce risks and maximize success.

From Sydney to Hong Kong and New York to London, Stratis has helped global companies to open new markets by providing the expertise to manage and cost-effectively comply with regulatory requirements, secure strategic partnerships and achieve money transmitter and lending licenses. This end-to-end knowledge of the legal, practical, technology and conceptual aspects of anti-money laundering, sanctions, fraud and risk, paired with the mindset of appropriately matching these aspects to the scale and scope of the business, give Stratis an unparalleled ability to support multi-jurisdictional financial institutions.

For more information, call 415.352.1060 or visit [stratisadvisory.com](https://stratisadvisory.com)

# The Stratis Advisory Executive Team



**Brian Stoeckert, CEO**

Brian Stoeckert, CEO and founder of Stratis Advisory, is a recognized risk management expert with more than 20 years of experience in providing startups through Fortune 500 companies with strategy intelligence, advisory services and witness testimony.



**Deborah Wood, Director**

Deb Wood, a Director in Stratis Advisory, has over 15 years' experience in fraud, investigations, financial crime, corporate security, technology and project management disciplines across global financial services organizations.



**Maria Potapov, Partner**

Maria Potapov, a partner in Stratis Advisory, brings 25 years of experience in business strategy, risk management, startups and investment funds. She has launched and managed 11 new finance and technology ventures during her career.



**Ryan Hodge, Director**

Ryan Hodge, a Director in Stratis Advisory, is a compliance and risk expert with nearly 20 years' experience in banking and payments, ranging from Fortune 500 banks to startups.



**Victoria Howard, Director**

Victoria Howard, a Director at Stratis Advisory, has over 17 years of experience in the financial services with experience in regulatory compliance, process improvement and implementation for payments and money transfer firms to large financial institutions.



FinTech | Virtual Currency | NeoBank | BaaS | RegTech | Payments | Lending



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