

# Don't risk it, scan it with AI

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2 August 2019



**Red Marker**  
AI Powered Compliance

Allens > < Linklaters

# What Red Marker do | AI powered compliance

We automatically analyse digital content for probabilistic compliance risk using artificial intelligence, machine learning and natural language processing on a SaaS platform.

Red Marker is focussed on risk detection in marketing content and enabling active surveillance.

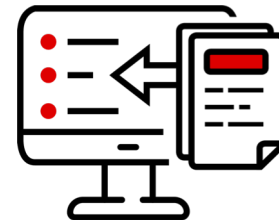
Our core services include:



Website scanning  
for compliance risk



Document scanning  
for compliance risk



Convert legal checklists  
into Explainable AI (XAI) rules

## ASIC Results | Overview

13

rules

built by business users,  
no coding required

30<sup>minutes</sup>

per rule

average time to  
build a rule

2<sup>hours</sup>

extraction

time to accurately extract data  
across the sample set

1.6<sup>seconds</sup>

review

time to review  
each sample

163

identified risks

in ASIC's 180 samples across  
13 rules

94<sup>%</sup>

accuracy

of rules across samples  
analysed

# Rules | Risks Detected from ASIC Samples

ID	Title	Description	Risks
1	<b>Include ACL</b>	Credit services should include the relevant Australian Credit Licence (ACL).	54
2	<b>Include Comparison Rate</b>	Consumer loan products that contain an annual percentage rate must contain a comparison rate.	23
3	<b>Include Comparison Rate Warning</b>	Consumer loan products that contain a comparison rate, must include a comparison rate warning.	14
4	<b>Correct Interest Rate Format</b>	Interest rates must be either annual percentages or comparison rates.	14
5	<b>Annual Rates</b>	Consumer loan products with a loan repayment figure must contain an annual percentage interest rate.	13
6	<b>High Risk Words</b>	High risk words and phrases such as 'cheapest', 'lowest', 'free' must not be used to describe financial products.	13

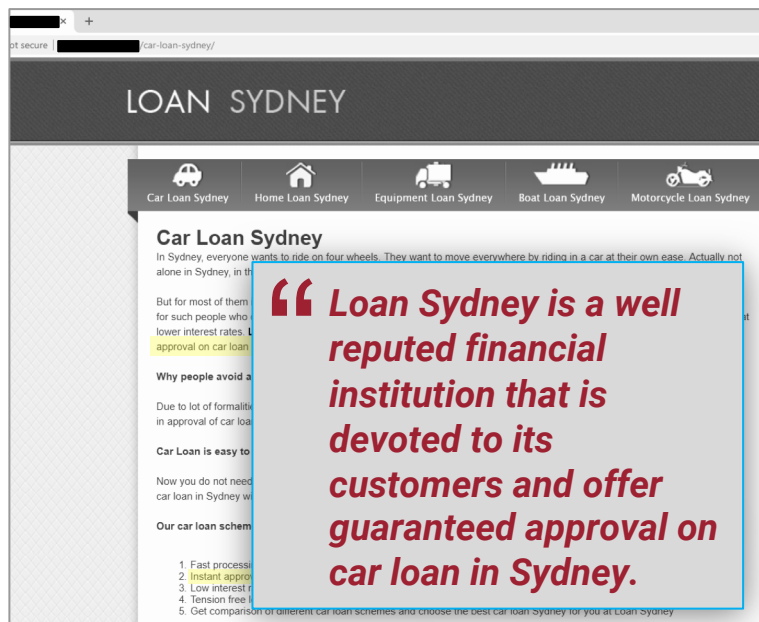
ID	Title	Description	Risks
7	<b>Correct ACL Format</b>	Include the relevant Australian Credit Licence (ACL) in the correct format.	11
8	<b>Overstate Benefits</b>	Not overstating the benefits associated with financial products.	10
9	<b>Guarantee' Restricted</b>	The word 'Guarantee' should only be used in limited circumstances when describing financial products.	5
10	<b>Egregious Overstatements</b>	No headline claims with egregious overstatements.	5
11	<b>Correct Comparison Rate Warning</b>	Consumer loan products which contain a comparison rate, must also contain a correct comparison rate warning.	1
12	<b>Independence Words</b>	Only use terms such as 'impartial', 'independent', or 'unbiased' in very limited circumstances.	-
13	<b>Endorsed by Regulator</b>	Product or service is cannot be endorsed or approved by a regulator such as ASIC, APRA, ATO or ACCC.	-



# Product Example 1 | Web - Car Loans

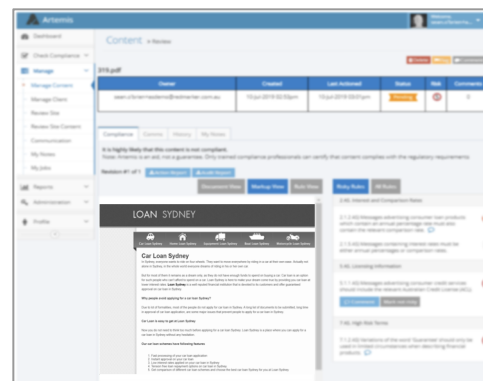
Red Marker applied the rules used in the ASIC data set investigation to public web content

## Web page scraped



The screenshot shows the Loan Sydney website. The header includes the company name and navigation links for different loan types: Car Loan Sydney, Home Loan Sydney, Equipment Loan Sydney, Boat Loan Sydney, and Motorcycle Loan Sydney. The main content area is titled 'Car Loan Sydney' and contains text about the ease of getting a car loan in Sydney. A large red quote is overlaid on the page: **“Loan Sydney is a well reputed financial institution that is devoted to its customers and offer guaranteed approval on car loan in Sydney.”**

## Red Marker: Extraction and Rules



The screenshot shows the Red Marker interface. It displays a table of extracted content with columns for Name, Content, and Last Updated. Below the table, there is a section titled 'LOAN SYDNEY' which contains the same text as the website screenshot. To the right of the content, there are several rules listed, including 'ID 9: 'Guarantee' Restricted'.

Web page and images converted into machine readable text prior to risk detection

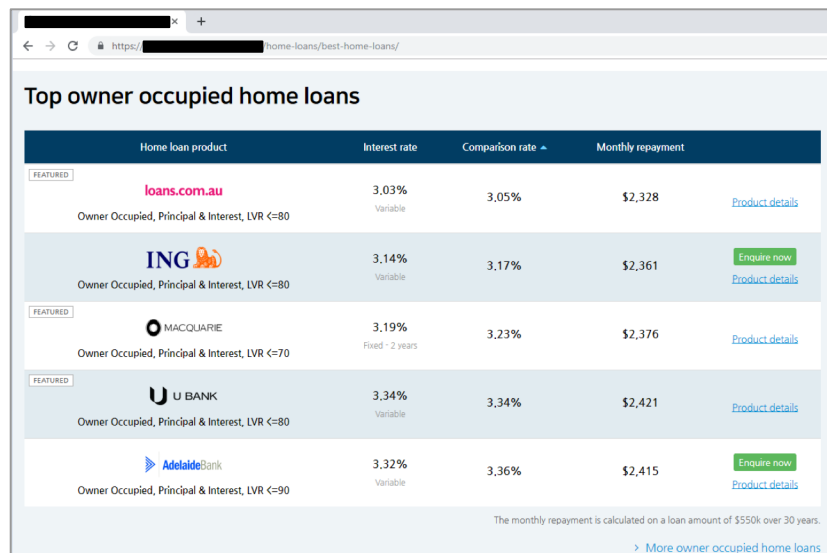
## Rules Triggered

**ID 9: 'Guarantee' Restricted** - 'Guarantee' should only be used in limited circumstances when describing financial products.

# Product Example 2 | Web - Home Loans

Red Marker applied the rules used in the ASIC data set investigation to public web content

## Web page scraped



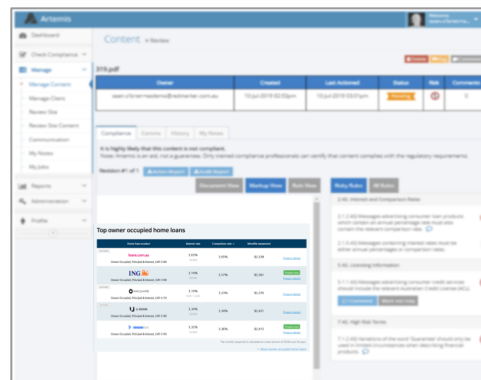
Top owner occupied home loans

Home loan product	Interest rate	Comparison rate	Monthly repayment
<b>loans.com.au</b> Owner Occupied, Principal & Interest, LVR <=80	3.03% Variable	3.05%	\$2,328
<b>ING</b> Owner Occupied, Principal & Interest, LVR <=80	3.14% Variable	3.17%	\$2,361
<b>MACQUARIE</b> Owner Occupied, Principal & Interest, LVR <=70	3.19% Fixed - 2 years	3.23%	\$2,376
<b>U BANK</b> Owner Occupied, Principal & Interest, LVR <=80	3.34% Variable	3.34%	\$2,421
<b>AdelaideBank</b> Owner Occupied, Principal & Interest, LVR <=90	3.32% Variable	3.36%	\$2,415

The monthly repayment is calculated on a loan amount of \$550k over 30 years.

Screenshot date: 1 August 2019

## Red Marker: Extraction and Rules



Web page and images converted into machine readable text prior to risk detection

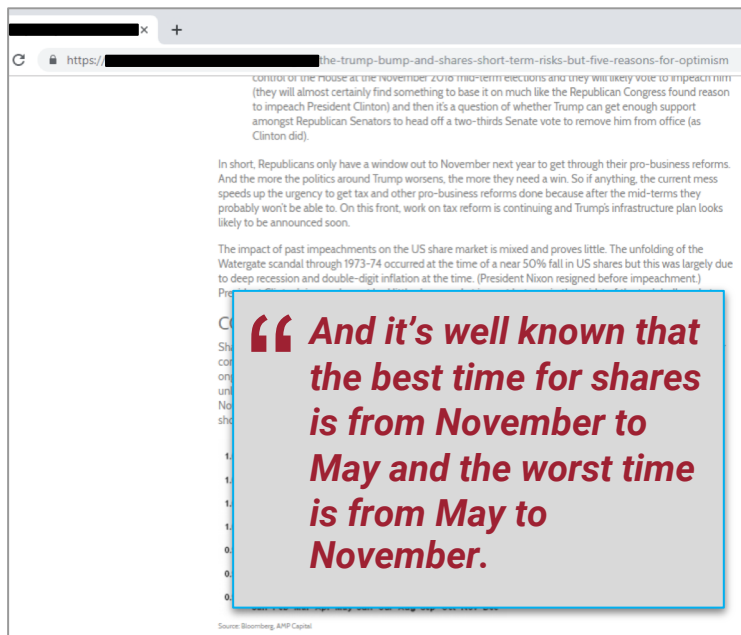
## Rules Triggered

**ID 3: Include Comparison Rate Warning** - Consumer loan products that contain a comparison rate, must include a comparison rate warning.

# Product Example 3 | Web - Financial Planners

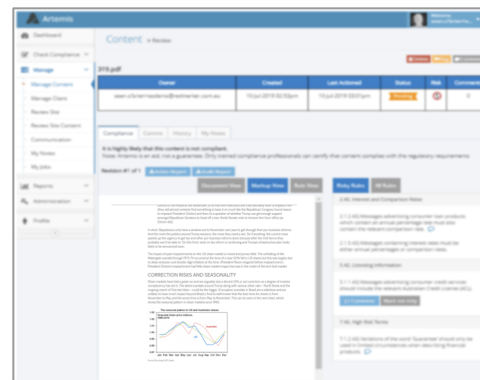
Red Marker applied the rules used in the ASIC data set investigation to public web content

## Web page scraped



The screenshot shows a web browser window with a URL starting with 'https://'. The page content includes a paragraph about the 'trump-bump-and-shares-short-term-risks-but-five-reasons-for-optimism' and a quote highlighted in a blue box. The quote reads: "And it's well known that the best time for shares is from November to May and the worst time is from May to November." The source is cited as 'Source: Bloomberg, ANP Capital'.

## Red Marker: Extraction and Rules



The screenshot displays the Red Marker interface. On the left, a sidebar shows navigation options like 'Manage Content', 'Monitor Risk', 'Monitor Compliance', 'My News', and 'My Alerts'. The main area shows a table of extracted content with columns for 'Name', 'Created', 'Last Updated', 'Status', and 'Actions'. Below the table, there's a section titled 'It is highly likely that the content is not compliant' with a list of rules triggered. A line graph is also visible in the lower part of the interface.

Web page and images converted into machine readable text prior to risk detection

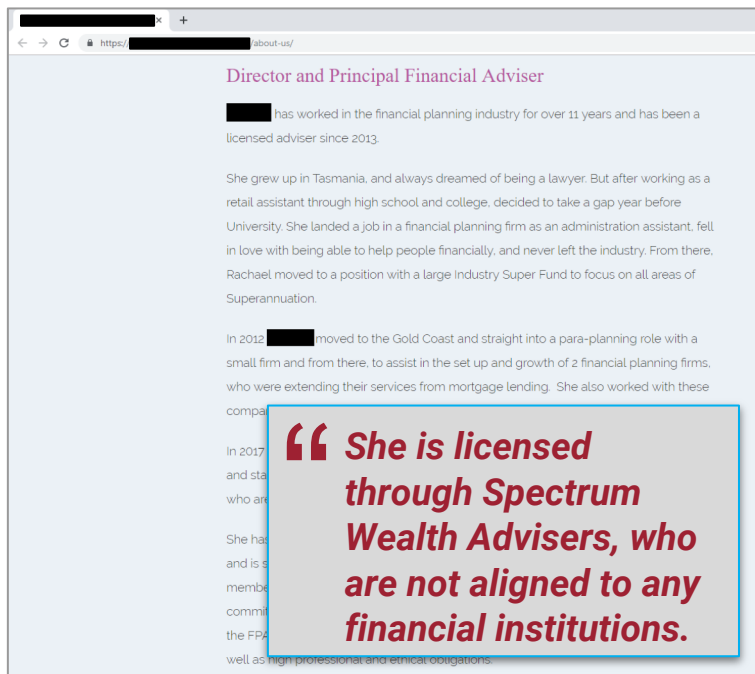
## Rules Triggered

**ID 8: Overstate Benefits** - Messages must not overstate the benefits associated with financial products.

# Product Example 4 | Web - Financial Planners

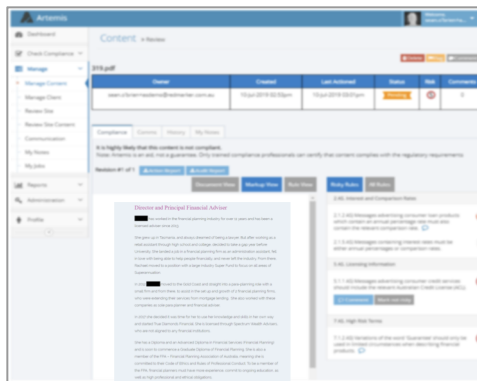
Red Marker applied the rules used in the ASIC data set investigation to public web content

## Web page scraped



The screenshot shows a web page with the title "Director and Principal Financial Adviser". The text on the page describes a person's background in the financial planning industry, mentioning their experience in Tasmania, their role as a retail assistant, and their current position at a large industry Super Fund. A red callout box highlights a specific sentence: "She is licensed through Spectrum Wealth Advisers, who are not aligned to any financial institutions."

## Red Marker: Extraction and Rules



Web page and images converted into machine readable text prior to risk detection

## Rules Triggered

**ID 12: Independence Words** - Messages can only use terms such as 'impartial', 'independent', or 'unbiased' in very limited circumstances.

# Benefits for clients | AI as a business partner & enabler



**Increase productivity** by improving turnaround times and content velocity



**Reduce risk** in content by surveilling more, more regularly, with predictable accuracy



**Enable consistency** in compliance, marketing and management



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