

# Pre-Transaction Decision-Making Guide

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## Introduction to Notabene

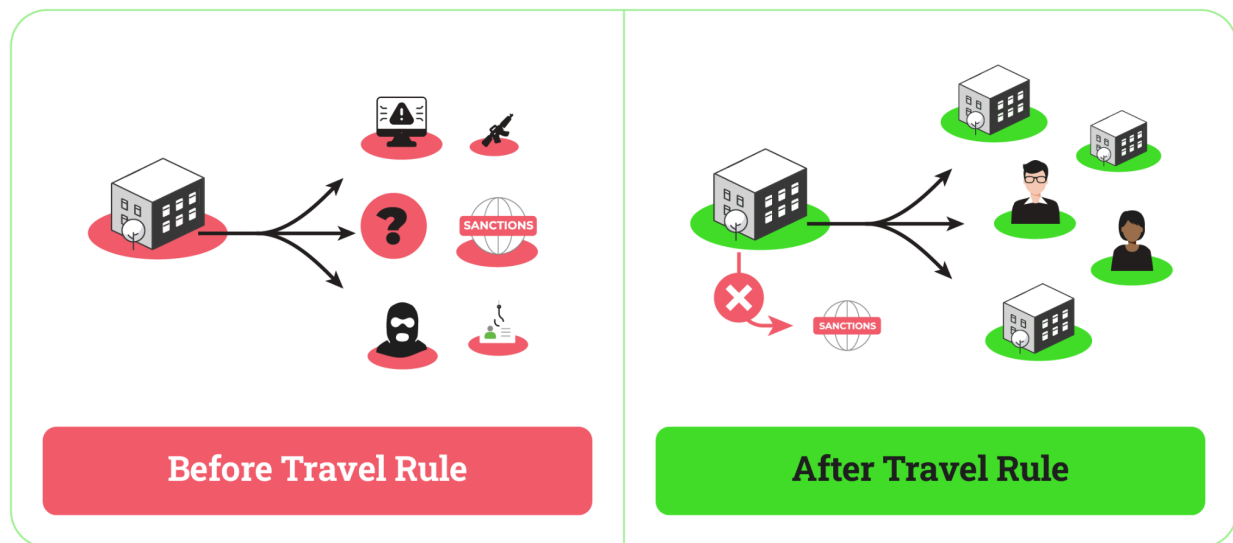
Notabene is the crypto industry's premier platform for pre-transaction decision-making, empowering customers to detect and prevent high-risk activities before they happen. With SOC-2 security certification and a strong focus on privacy and user experience, Notabene offers a comprehensive suite of features, including real-time authorization, decision-making, counterparty sanctions screening, and self-hosted wallet identification. Headquartered in New York, Notabene operates globally and has a presence in Switzerland, Singapore, Germany, and the United Kingdom.

Trusted by over 120 companies such as Copper, Luno, Crypto.com, and Bitstamp, Notabene's Travel Rule compliance solution, SafeTransact, provides a tailored compliance solution aligned with both global and local regulations.

Start for free with the world's largest [VASP Network](#) at [Notabene.id](#).

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## What is the Crypto Travel Rule?



In 2019, the Financial Action Task Force (FATF) extended its Recommendation 16: Wire Transfers to Virtual Asset Service Providers (VASPs). This requires cryptocurrency exchanges, digital wallet providers, and other financial institutions dealing with virtual assets to disclose specific customer data when transacting over a certain threshold.

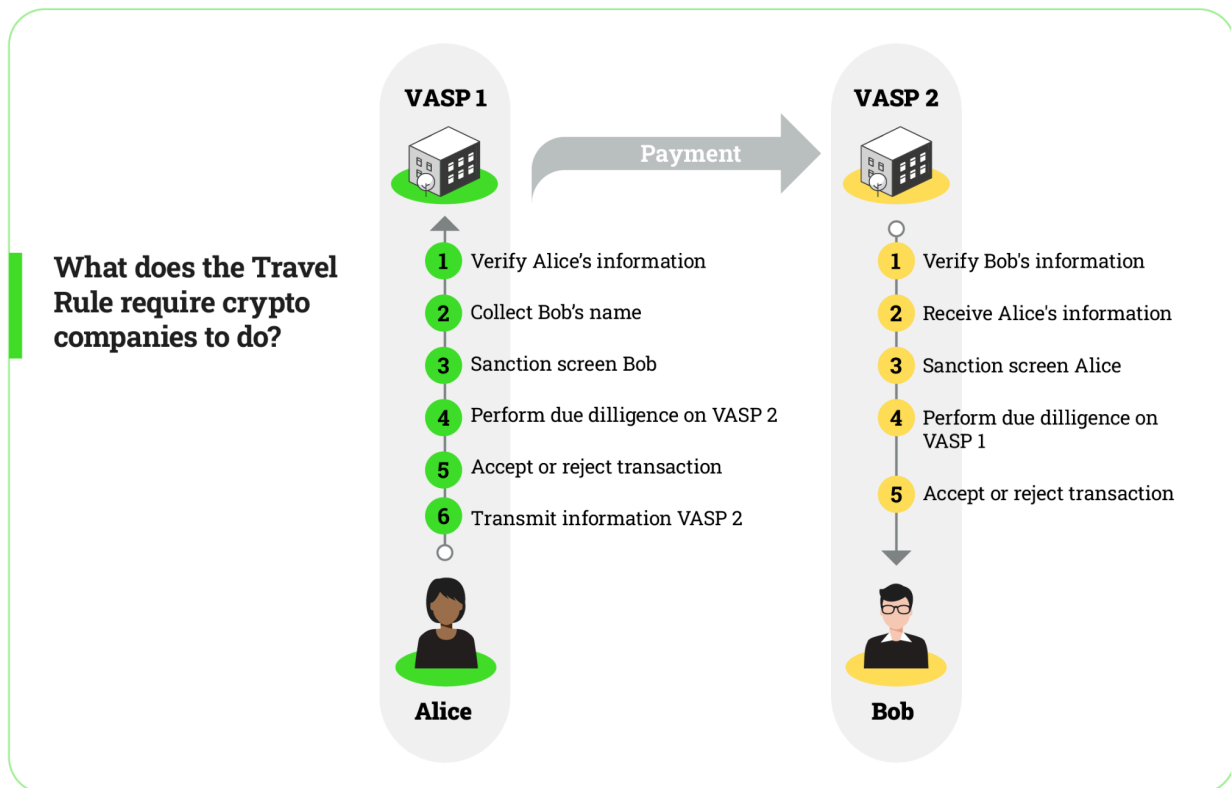
Any crypto transaction that meets or exceeds this threshold must include the originator's and beneficiary's personally identifiable information (PII). Additionally, VASPs are required to sanction screen the counterparty customer and perform due diligence on the counterparty VASP. Failure to comply can result in fines, loss of transaction flows, or operational license revocations.

## What Does Pre-Transaction Decision-Making Mean for Crypto?

To prevent illicit crypto activities, VASPs need pre-transaction insights into counterparties. While traditional wire payments allow time for beneficiary interventions, such as withholding funds due to name mismatches, crypto transactions' immediate and

irreversible nature leaves VASPs with minimal time for pre-transaction compliance checks.

VASPs could unwittingly aid transactions to sanctioned individuals or malicious entities without these pre-transaction checks and data exchange.



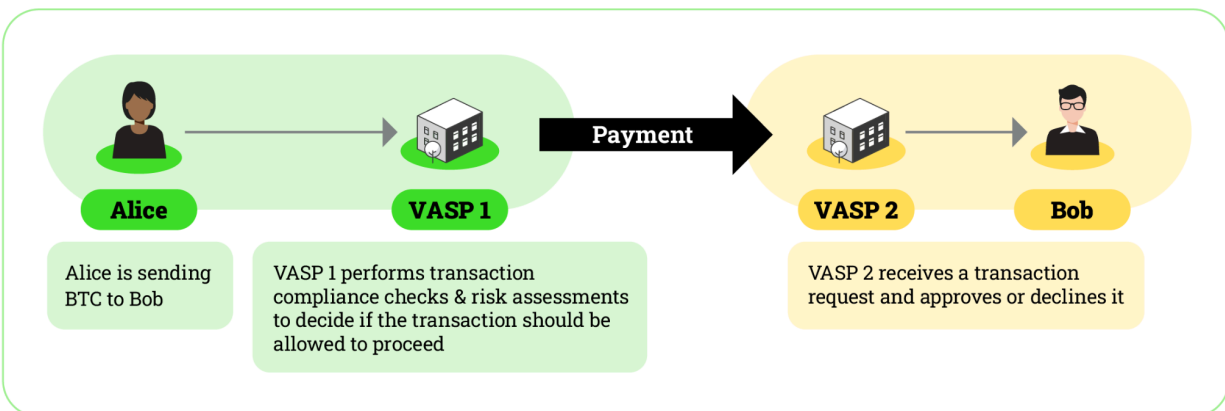
Before the Travel Rule was implemented, VASPs had limited means to gauge counterparties' money laundering and terrorist financing risk. The implementation of the Travel Rule mandates that any crypto transaction crossing a specific threshold must include the originator customer's and beneficiary's PII. Additionally, VASPs must sanction screen the counterparty customer and perform due diligence on the counterparty VASP. Non-compliance can lead to significant penalties.

## What are the Pre-Transaction Decisions in a Compliant Crypto Transaction?

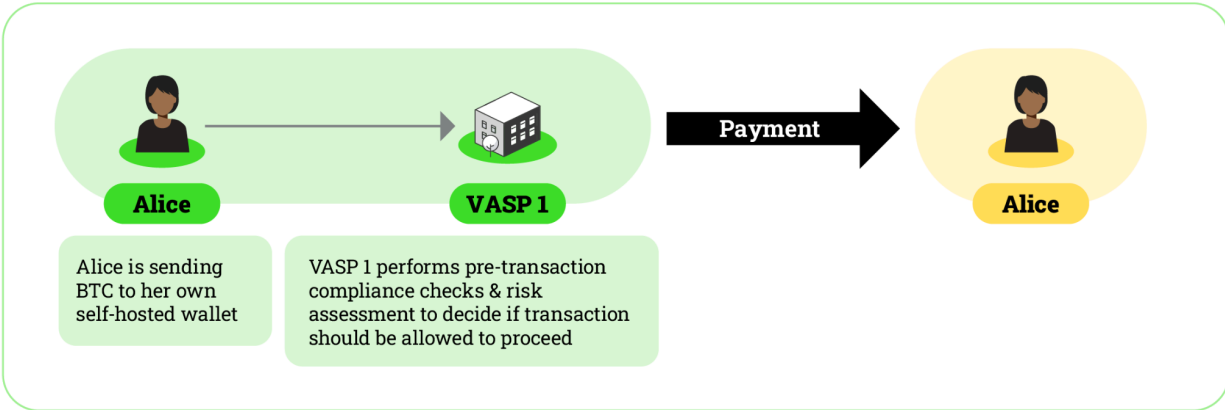


Compliance steps for approving or denying a crypto transaction depend on whether the transfer involves two VASP-hosted wallets or a self-hosted wallet.

### VASP-to-VASP transfers:



## VASP-to-self-hosted wallet transfers:



[LEARN MORE ABOUT PRE-TRANSACTION DECISION MAKING](#)

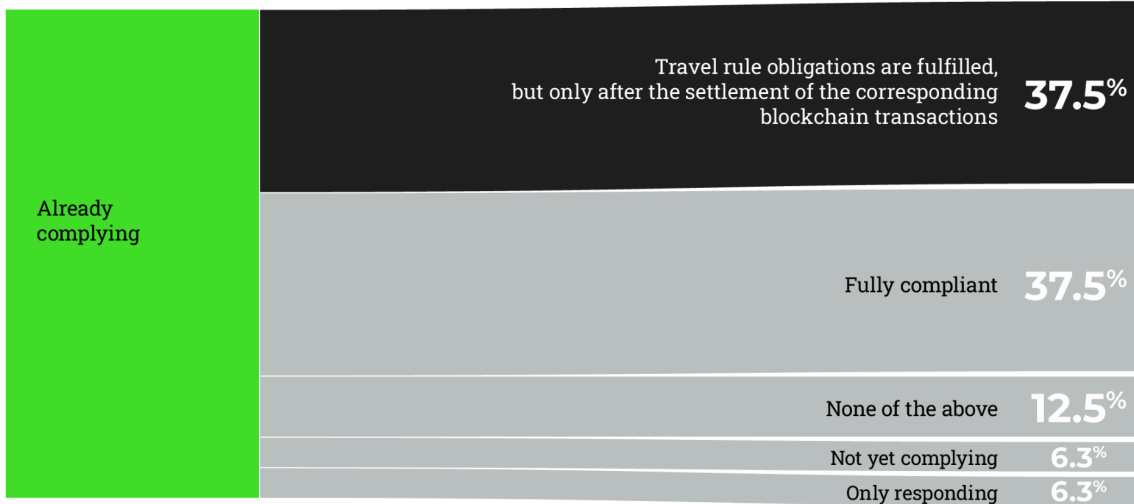
## Challenges and Progress with Pre-Transaction Decision-Making

The [instantaneous nature](#) of crypto transactions restricts the time available for pre-transaction checks, posing a significant compliance challenge compared to traditional payment methods.

Despite the FATF's [June 2023 update](#) clarifying the Travel Rule as a pre-transaction obligation, results from our 2023 State of Crypto Travel Rule Compliance Report revealed that [nearly 40%](#) of VASPs sent Travel Rule information post-settlement, contrary to FATF rules.

**2023: 37.5% of companies that report 'already complying' with the Travel Rule, are not fulfilling the required pre-transaction obligations.**

Results reveal confusion around what "fully compliant" requires.



Survey question: Which of the following compliance stages best describes how your company currently deals with travel rule requirements?

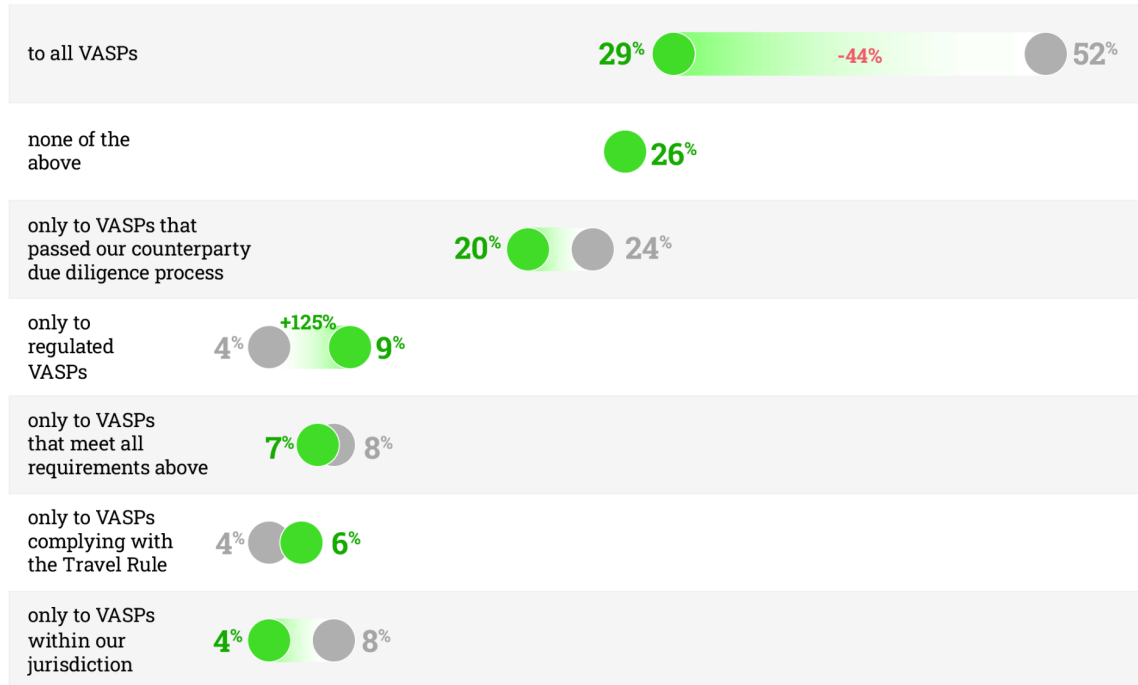
## 2024 Update on Counterparty Due Diligence

In 2024, the number of VASPs not implementing counterparty due diligence processes has nearly halved. Survey responses show a significant decline in companies willing to send Travel Rule transfers without meeting specific criteria, decreasing from 52% in 2023 to 29% in 2024. Additionally, the emphasis on assessing the regulatory status of counterparties has more than doubled, from 4% to 9%.

## 2024: Survey respondents shared their company's policy regarding counterparty VASP due diligence

We send Travel Rule transfers...

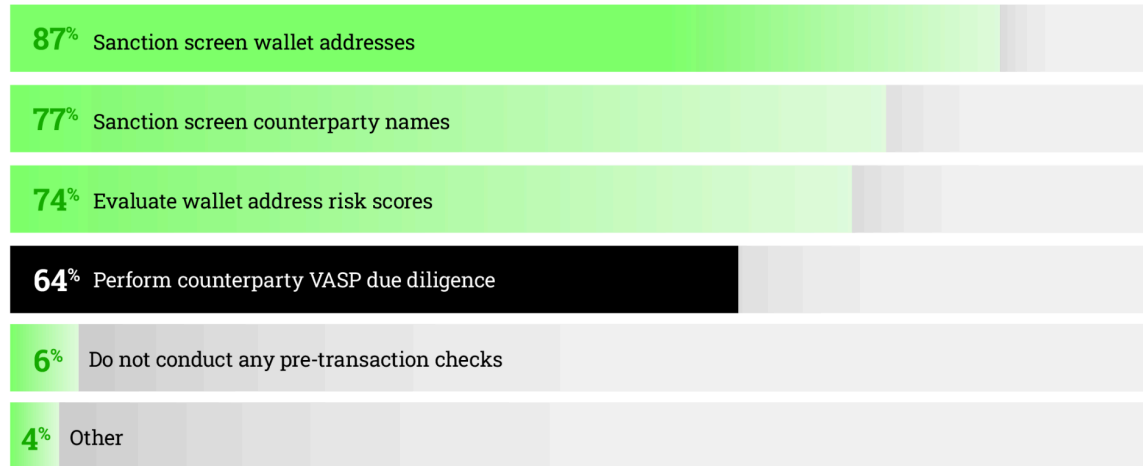
● 2024 ● 2023



Survey question: Please select the option that best describes your company's counterparty VASP policy for Travel Rule purposes.  
 Note: For ease of reading, numerical values and percentages have been rounded to the nearest whole number.

Sixty-four percent of companies are performing due diligence pre-transaction. The majority conduct wallet sanction screening (87%), counterparty name sanction screening (77%), wallet risk scores evaluation (74%), and carry out VASP due diligence (64%). Only a minority (6%) reported conducting no checks. Despite these positive trends, challenges remain, particularly with the counterparty due diligence process.

**2024:** Survey respondents detailed the pre-transaction checks they conduct on counterparties.

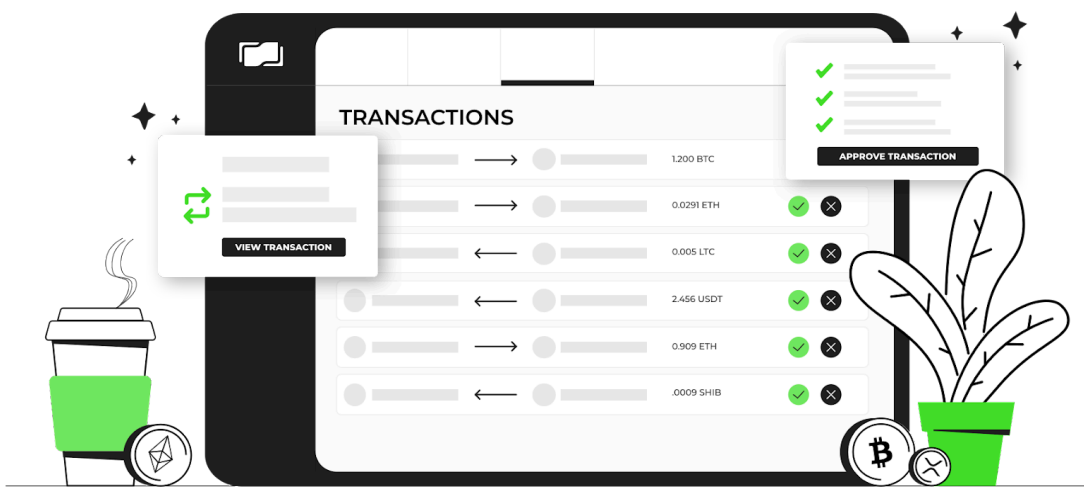


Survey question: What checks do you perform, if any, on your counterparties prior to initiating Travel Rule transactions?

**DOWNLOAD THE 2024 STATE OF CRYPTO TRAVEL RULE COMPLIANCE REPORT TO LEARN MORE**

## Notabene's SafeTransact: Solving Pre-Transaction Decision-Making

SafeTransact is the only platform in the crypto industry dedicated to pre-transaction decision-making, helping VASPs stop illicit activity before it occurs. Key features include:



### Pre-transaction decision-making steps for Travel Rule compliance

Provided by Notabene?

Identify and sanction screen all counterparties.



Perform VASP due diligence & assess risk.



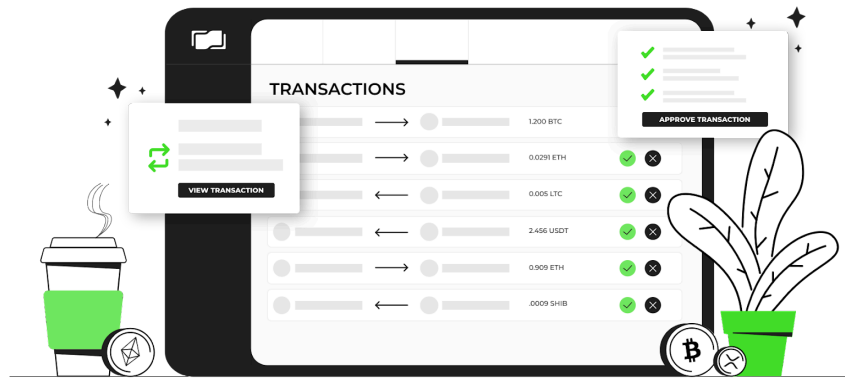
Exchange Travel Rule information per FATF rules.



**Bonus:** Automate TX flow and analyze insights.



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SAFETRANSACT](#)



<b>SafeConnect</b>	<ul style="list-style-type: none"> <li>→ Screens counterparties before transactions using blockchain analytics, client data, and end-customer inquiries.</li> <li>→ Detects and accounts for diverse jurisdictional requirements.</li> </ul>
<b>Travel Rule Compliance Dashboard</b>	<ul style="list-style-type: none"> <li>→ Identifies and applies regulatory requirements across jurisdictions.</li> <li>→ Discovers counterparty VASP through blockchain analytics.</li> <li>→ Provides risk assessments, including sanctions and blockchain address risk scores.</li> </ul>
<b>Notabene Network</b>	<ul style="list-style-type: none"> <li>→ Specializes in VASP due diligence and risk evaluation.</li> <li>→ Offers extensive VASP profiles with verified data.</li> <li>→ Facilitates industry-standard due diligence questionnaire exchanges.</li> </ul>
<b>Notabene Dashboard</b>	<ul style="list-style-type: none"> <li>→ Aggregates Travel Rule data and manages data transfers, storage, and reports.</li> <li>→ Employs a multi-protocol approach for encrypted data sharing to the widest number of VASPs.</li> <li>→ Provides a comprehensive transaction overview.</li> </ul>
<b>Rules Engine</b>	<ul style="list-style-type: none"> <li>→ Automates the Travel Rule compliance process.</li> <li>→ Enables setting up and applying compliance controls.</li> <li>→ Syncs with AML providers, manages compliance rules, and blocks unauthorized transactions.</li> </ul>

[SafeTransact](#) addresses the critical need for pre-transaction compliance in the fast-paced crypto market. It supports the growth and health of the global digital asset industry by allowing businesses to quickly identify and stop high-risk activities.

**GET STARTED TODAY!**