

Bringing Opposing Sides Together: Using Blockchain-Based KYC to Improve Customer Experience and Compliance Simultaneously

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We all need trusted identities for KYC

Companies

need:

- Reliable data on the consumers they're working with
- A **compliant** framework
- A secure exchange platform

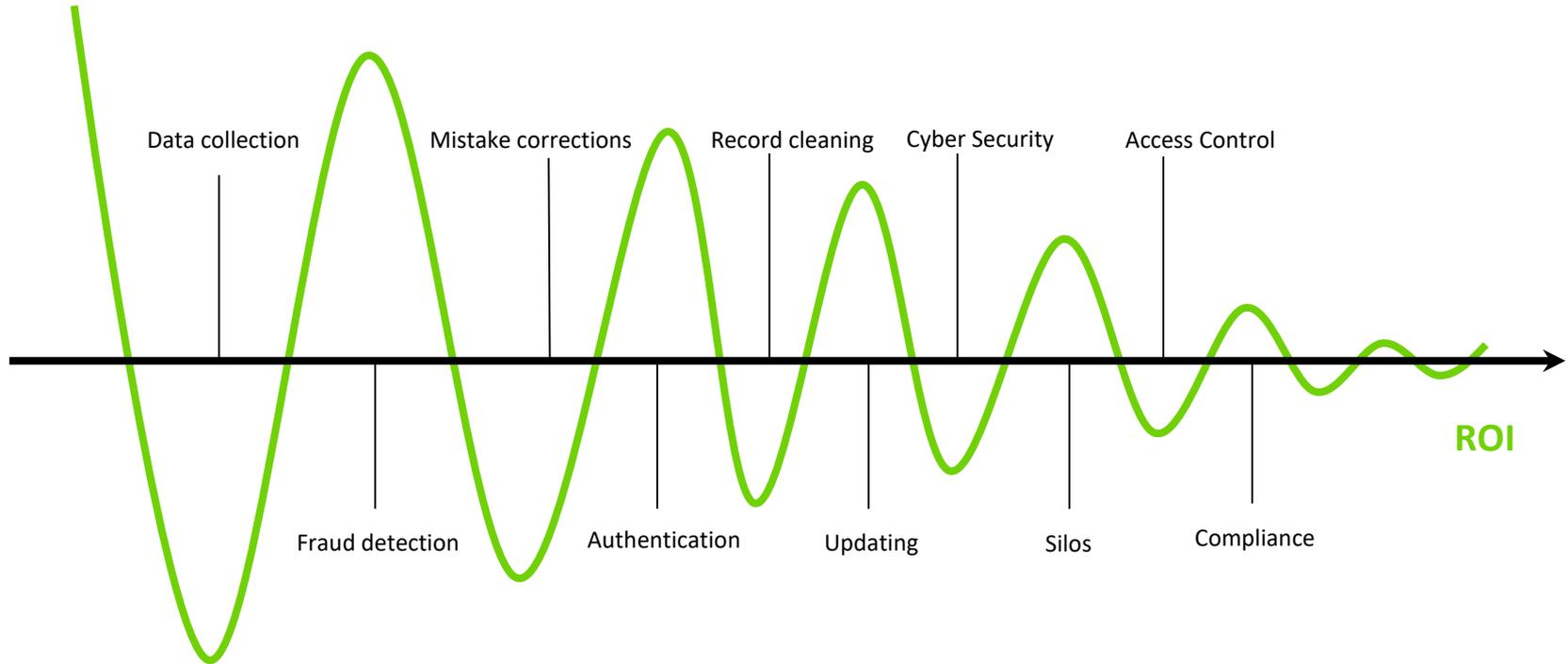


Individuals

need:

- To trust companies
- To feel in control
- To see the benefit of sharing

Today's KYC Process



The KYC Process Today Frustrates Everyone

- ❑ For companies, especially regulated ones like banks, there is tremendous cost, time and risk in collecting, verifying and storing customer data.
 - ❑ They potentially alienate customers because the KYC process takes too long and often is riddled with data errors
 - ❑ There are also legal and financial penalties for getting KYC wrong such as being fined by a regulatory body for being non-compliant and not properly vetting customers.
 - ❑ There are also legal and financial penalties for mishandling customer data. For example, losing customers because of a data breach or paying GDPR penalties of 4% of annual revenue for upper level data infringements.

The KYC Process Today Frustrates Everyone

- ❑ For consumers, there is cost, time and risk in sharing information with companies
 - ❑ Companies can misuse your data, intentionally or unintentionally
 - ❑ Your data can be hacked or stolen from any of the companies where you've given your data
 - ❑ The time to access the product or service you wanted is still too long as companies use inefficient processes and get bad or incorrectly entered data

Blockchain improves KYC in ways other technologies can't



Immutability



Security



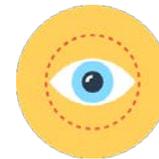
Irreversibility



Cost Efficiency



Pseudonymity



Trust

How Blockchain Improves The KYC Process

1. Customer A requests from ING his identification data block

2. ING sends A's data block (including various sets of data and/or files) through the blockchain identity solution, validated by a trusted pre-identified *miner* e.g. Swift :

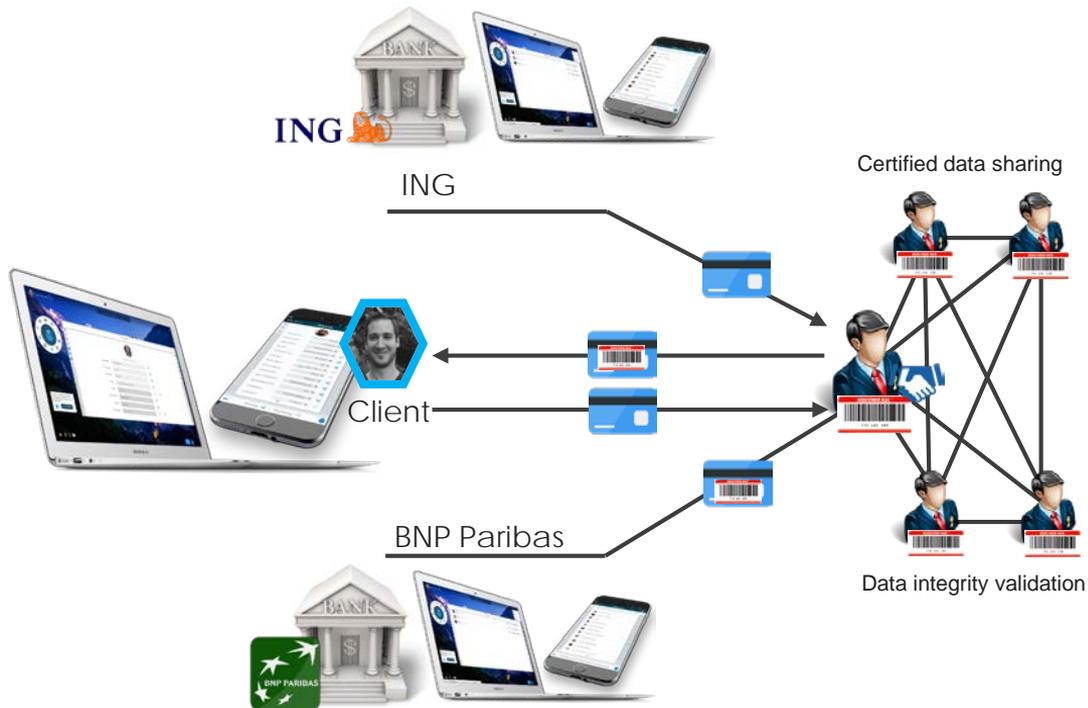
- ✓ Certification
- ✓ Traceability
- ✓ Infalsifiable

3. Customer A receives his data. He can now consent to share it with BNP

- ✓ Secured
- ✓ Portable
- ✓ Clear user's consent

4. BNP receives the ING data block through the PikcioChain issued by customer A. The blockchain identity solution insures the datablock's integrity and the ING payment as the certifier.

- ✓ Certification
- ✓ Traceability
- ✓ Integrity



How blockchain-based KYC works at BNP Paribas



Benefits of Blockchain-based KYC to Companies

- ❑ Time to revenue is faster for companies. The entire process shortens dramatically. In high-risk, high-dollar situations such as institutional investing, it potentially cuts weeks from the cycle. Customers come on-board faster and therefore revenue comes in faster.
- ❑ Reduced data errors remove friction and cost from the process. Blockchain-based identity solutions remove manual data entry and all of its associated problems such as entry errors, two versions of a record with competing information, and high administrative costs to manually fix errors.
- ❑ Compliance is higher and more easily audited. Blockchain's timestamping and immutability allow companies to ensure they've followed processes and also that they can prove compliance more quickly than possible today

Benefits of Blockchain-based KYC to Consumers

- ❑ Customers get access to products and services faster as the KYC cycle time shrinks.
- ❑ Confidence rises as customers trust that their data are better protected in blockchain-based solutions.
- ❑ Power to give and revoke consent to data access means customers will be more willing participants in digital transactions since they don't have to worry about who has their data and how it's being used.
- ❑ Blockchain-based identity provides the potential for new income for customers as they participate in data marketplaces.

Blockchain-based Identity Has Long-term Implications

- ❑ Markets will move more freely now that the friction of KYC processes is reduced.
- ❑ Industries become more competitive since they can't rely on the "slack in the system" to protect them from new entrants or better services.
- ❑ Consumers will begin to operate more like mini-businesses themselves, deciding whether to share or sell their data, and with whom.
- ❑ Companies find new opportunities to become data marketplaces, authentication vendors, or other new identity business models.

Thank you