DKYC

BLOCKCHAIN-BASED DECENTRALIZED KYC (KNOW-YOUR-CUSTOMER)

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KYC Forms
What is KYC?

Know Your Customer (aka KYC) is the regulatory and compliance obligation on the conventional banking and financial system, to capture the customer information before onboarding and providing any financial services to the customer. In banks, KYC is embedded into the account opening forms, which mandate customer to provide accurate information and ideally update as soon as any change occurs in KYC data.
The problem

- High cost
- Unbanked
- Verification Time
- KYC Segmentations
- Audit errors
- Not updated
- Silos
- CFT & AML
- Regulation
Regulatory Frameworks

- AML/CFT
- MiFID II
- Basel III
- AIFMD
- PSD2
- Solvency II
- GDPR
<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Argos Solution</strong></td>
<td>Argos provides KYC form submission and screening for errors and fraud cases. It also provides checkups on the customer lists with our AML global watch lists and targeted profile investigation and risk leveling. AML report publishing and Whitelist finalization. HQ in South Korea.</td>
</tr>
<tr>
<td><strong>KYC-Chain</strong></td>
<td>A B2B managed workflow application that enables organizations to manage their KYC processes for individuals and corporates. It provides a solution to streamline the onboarding process for the customer. Review and process incoming KYC applications by streamlining workflow and automating the screening and verification process. HQ in Hong Kong.</td>
</tr>
<tr>
<td><strong>Tradle</strong></td>
<td>KYC on blockchain provider. Aims to build a global trust provisioning network to give retail, wealth, SME and institutional customers of financial institutions access to capital and risk allocation. Uses pre-integrated vendor products such as biometrics, ID scanning, sanctions, and PEPs checkers. HQ in New York.</td>
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<tr>
<td><strong>KYC Legal [</strong></td>
<td>Provides blockchain KYC document verification through a mobile application, and verification of identity and documents with a KYC LEGAL agent. After verification into the blockchain, the user can use the stored data to verify identification for multi-purposes. The application is available for iOS and Android mobile devices. Provides B2B and B2C services. Offices in Berlin, San Francisco, and Moscow.</td>
</tr>
<tr>
<td><strong>Confirm</strong></td>
<td>The company's platform uses algorithms and big data analysis to provide data on blockchain transactions and parties. It provides an AML Platform that offers anti-money laundering (AML) products for companies and financial institutions operating in the cryptocurrency ecosystem. Provides an end-to-end know your customer solution covering entities’ activity in the crypto ecosystem. HQ in London, UK.</td>
</tr>
</tbody>
</table>
DKYC – A Decentralize approach

1. Customer Create Identity
2. Customer PUSH Identity to Service Provider (e.g. Bank)
3. Service Provider received the request for Service
1. Service Provider send a PULL request on Chain
2. Customer Approves or Rejects on selected attributes
3. Service Provider received the request for Service

DKYC Chain

Push Model

Pull Model
**Proof of Importance**

- **Scoring Levels for Individuals**
  - Witness 50
  - Finger Print 100
  - National Identity 200
  - Passport 300
  - Deed 400
  - …

- **Scoring Levels for Corporates**
  - Witness 100
  - Commercial Identity 200
  - Partnership Deed 300
  - Limited Liability 400
  - …

**Scoring sensitivity** would be selected by the Service Provider (e.g. banks, stocks etc.) depending on the Service to Offer. For example, bank open account with score 50 and lend when the score is greater than 150.
<table>
<thead>
<tr>
<th>No.</th>
<th>Use Cases Name (Transactions Types)</th>
<th>Requestor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Onboarding Use Case</td>
<td>Customer</td>
</tr>
<tr>
<td>2</td>
<td>Business Onboarding Use Case</td>
<td>Business</td>
</tr>
<tr>
<td>3</td>
<td>Verification Use Case</td>
<td>Any Entity</td>
</tr>
<tr>
<td>4</td>
<td>Risk Notifications Use Case</td>
<td>Customer or Business</td>
</tr>
<tr>
<td>5</td>
<td>Annual Profile Review Use Case</td>
<td>Customer or Business</td>
</tr>
<tr>
<td>6</td>
<td>Retire Record Use Case</td>
<td>Customer or Business</td>
</tr>
<tr>
<td>7</td>
<td>Activate Record Use Case</td>
<td>Customer or Business</td>
</tr>
<tr>
<td>8</td>
<td>Customer Consent Use Case</td>
<td>Customer or Business</td>
</tr>
</tbody>
</table>
DKYC Business Models

- CAPEX
  - Seed
  - ICO

- Funding

- OPEX
  - Nodes Subscription Based
  - Network Usage Based
  - Token Based
DKYC: to bank the unbanked in Decentralized manner
Conclusion:
- Initial model to decentralize the KYC in trustless ecosystem
- Open areas for research are fraud protection using artificial intelligence, creating the devices' identity, dApps application models, on-chain/off-chain oracles,
Thank You