Malaysian B2B eKYC Eco-System

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Stage #1: Learn

- **Tools and standards**
  - W3c verifiable credentials
  - Sovrin utility

- **Compliance**
  - **Acts**
    - Money Services Business (MSB) Act 2011 (Act 731)
    - Anti Money Laundering & Anti Terrorism Financing Act 2001 (Act 613)
  - **Money Services Business Laws and Policies**
    - From Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions For Financial Institutions (AML/CFT and TFS for FIs) dated 31 December 2019
    - Clause 14A.9.4 states “... name, legal form and proof of existence, such as Certificate of Incorporation/ Constitution/ Partnership Agreement (certified true copies/duly notarised copies, may be accepted) or any other reliable references to verify the identity of the customer;..”
Stage #2: Convene

- **Why?**
  - B2B customer on-boarding is time consuming.
  - Takes up to 4 weeks to get the company incorporation papers & documents squared off
  - Want to speed up on-boarding to complete within 1 week
  - Reduce existing B2B KYC challenges and pain points (see next slide)

- **Who?**
  - Money services business (MSB) or otherwise known as money transfer operators
  - Association
  - Regulator
  - Company secretary

- Convener is EasyPay Transfers (EPT)
B2B KYC Challenges & Pain Points

**SLOW**
- 2 Weeks to 4 Weeks
- Having to authenticate documents and IDs.
- Obtaining signatories and corresponding sign-offs

**COMPLEX**
- Multiple Documents & IDs Involving Multi-party Workflows
- Wide range of company incorporation documents required.
- In-company approval workflows
- Documents originate from various sources
- Third party attestation or verification of documentation

**SCALEABILITY**
- Not Able To Leverage KYC Done By Other MSBs or FIs
- Current KYC process needs to be repeated every time a company on-boards with an MSB or Financial Institution (FI)
- No re-use benefit
- No MSB/FI community collaboration
Stage #3: Define

• **Scope**
  - Operations and management is to be formalised with the technology/operations service provider
  - Governance will be controlled by B2B eKYC Task Force comprising of MSB members

• **Methods and tools**

• **Data requirements**
  - Company incorporation documents
  - National registration identity cards
  - Letter of authorisation

• **Utility selection:** Sovrin

(A) Company secretary issues verifiable credentials to SME.
(B) SME presents verifiable credentials to Money Transfer Operators who are Money Services Business entities licensed by the regulator.
(C) Money Transfer Operators verify the attestations of the company secretary.
Stage #4: Create

• Establish governance program
  ▪ B2B eKYC Task Force is established within the association comprising of MSB members
  ▪ The Task Force will oversee the operations and management of the eKYC service provided by the nominated service provider; hence managing the eco-system of trust

• Work products and deliverables include but are not limited to
  ▪ On-boarding of MSBs into the eco-system as verifiers
  ▪ On-boarding of Company secretaries into the eco-system as issuers
  ▪ Endorsement by the regulator to knowledge the veracity of credentials

• Other policies/tools deliverables
  ▪ Service level agreement with technology/operations service provider(s)
  ▪ Participation agreements and liabilities by eco-system entities
  ▪ Statement of compliance to the privacy and data protection act
  ▪ Risk management & assessment
  ▪ Disaster recovery policy and procedures
  ▪ Performance benchmark policy
  ▪ Security policy
Stage #5: Implement

- Establish workplan comprising of the following key stages
  - Design, Implement, Test and User Acceptance

- Design
  - Define use-cases and credentials/schemas
  - Build prototype

- Implement
  - Commission SSI back end provider
  - Build SSI front ends for issuance, verification and holding of credentials
  - Implement schemas and credentials

- Test
  - Perform systems integration test
  - Conduct user training

- User Acceptance: Sign-off, promote eco-system artifacts (e.g., schemas, code, etc.) to production environment and go live
Stage #6: Operate

- **Compliance and conformity**
  - Conduct periodic security vulnerability tests
  - Conduct periodic performance tests

- **Operational integrity and service levels**
  - Operational audits
  - Conduct stress tests

- **Reporting**
  - Weekly operational reports (service levels, unit costs, performance and availability)
  - Weekly exception reports

- **Governance**
  - Conduct weekly operations check points with B2B eKYC Task Force
  - Monthly updates with stakeholders (i.e. Association and Regulator)
Stage #7: Grow

- eKYC rollout will be in two phases
  - Phase 1 focuses on SME in the B2B space
  - Phase 2 focuses on retail consumers in the C2C space

- New business expansion scope:
  - Offer eKYC platform to universal banks
  - Offer eKYC platform to insurance companies
  - Offer eKYC platform to investment companies

- On-going monitoring
  - On-boarding service levels
  - Cost per eKYC
  - Performance and availability