

Malaysian B2B eKYC Eco-System

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Stage #1: Learn

Learn

Digital trust Ecosystems

Tools and standards

Compliance, legal, risk

Decision to convene

- 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

Convene

Why are we meeting?

Who participates?

Who is the convener?

Decision to start ecosystem project

- 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

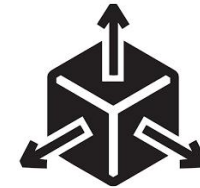
- Manual process of securing documents.
- Having to authenticate documents and IDs.
- Obtaining signatories and corresponding sign-offs



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

Define

Scope of management and governance

Methods and tools

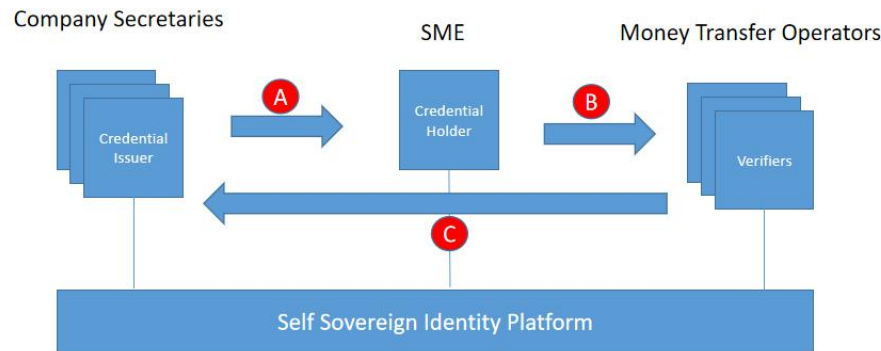
Data requirements

Utility selection

Decision to create

- 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



- (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.

- Data requirements
 - Company incorporation documents
 - National registration identity cards
 - Letter of authorisation
- Utility selection: Sovrin

Stage #4: Create

Create

Establish governance program and knowledge tools

Formalize policies for tools, schemas, and utilities using TOIP templates

Decision to implement

- 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

Implement

Publish credentials and schemas

Setup wallet provider and utility

Publish governance framework and guides

Train issuers and verifiers

- 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 (eg schemas, code, etc.) to production environment and go live

Stage #6: Operate

Operate

Ensure compliance and conformity

Ensure operational integrity and service levels

Publish operational metrics to stakeholders

Maintain governance framework

- 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 stake-holders (i.e Association and Regulator)

Stage #7: Grow

Grow

Measure and expand ecosystem

Develop new schemas and EC incentives

Adapt to new business models

- eKYC rollout will be in two phases
 - Phase 1 focusses on SME in the B2B space
 - Phase 2 focusses 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