Cross-border KYC utility

Current KYC process is suffocating the economy, e.g. data exchange is slow and fragmented between different entities and non-existent across borders. The problem is global and involves all market players - public and private sector together with citizens.

Anyone using any financial service in whatever country or has visited notary, has passed KYC process. We are talking about impacting millions of millions private persons and hundreds of thousand legal entities. Thus, the market is huge and growing.

The same data is asked again and again, it is not exchanged in between obliged entities, it is not exchanged in between obliged entity and the State. State has most of the data needed for conduct KYC, put it is not accessible to the obliged entities. Obliged entities are spending tens and tens of millions of euros for conducting KYC, but this outcome and work is not shared and made again and again by others obliged entities.

In December 2018 DIGINNO KYC showcase local workgroups in Estonia, Latvia and Lithuania started to dream about ideal future and by March 2019 was produced the Baltic KYC To-Be vision, followed in May by Cross-Border KYC Utility Business Canvas, then by Baltic KYC As-Is description and as a final outcome in September was the Cross-Border KYC Feasibility Study.

KYC showcase solution is once-only KYC profile (app/portal/utility) which uses already existing, validated and automatically updated data in real-time and machine-readable way from different databases (incl public registries). Data what is in State databases is validated and there is no need to re-validate it again with the help of other sources. Solution is based on the different profiles which are established considering the needs of different obliged entities.

This utility will reduce significantly the resource spent for collecting, analyzing and transmitting data will reduce (all are saving time and money). Since all date within it is machine readable, it will allow automated data management and analysis, which shall result with better and more accurate risk prevention/ detection. Also, this utility will speed up the data collection and data quality (and reliability), it becomes faster and more accurate, less additional movements shall be made and bureaucracy will decrease.

This solution is exportable since the data is mainly from public available registries. Moreover, if the solution is used in at least two countries, it is already possible to exchange KYC data across borders.

Still, in the local legislations there are gaps which will not allow, restrict or other way do not support data exchange in between obliged entities. As well, the access to State data bases in some countries is very costly. There are no regulations existing in EU level or whatsoever, which allow officially use the KYC data from another country, without need to validate it again. Prior mentioned issues needing to be dealt on country bases. For cross-border KYC data flow bi- and multilateral agreements in between the countries are needed.

As well, there is no existing standards for KYC data sets and taxonomy. Those also needs to be created.

Currently Estonia and Latvia are already keenly working in order to reach a prototype(s) that proves that the typical KYC problems as described above in data collection and -exchange, as well as in cross-border data exchange, are solvable.

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