Codel notarised identity enrolment for support of KYC & AML

Summary

Codel notary's identity enrolment system provides software for agents to enrol identity to the best standard available today. It provides a one-time enrolment process and re-usable identity dataset for on-line verification and validity by anyone, not just the enrolling agency. Rules creation, attribute configuration, tutored-agent document inspection and data captured to Codel's immutable audit trails (the longest running open hash-chain in the world published in the Financial Times since 2006) can be combined with automated identity checking processes to reduce the risk of identity impersonation and fraud. The output of the Codel notary process is a digitally notarised identity dataset that can be verified anywhere, that can be incorporated into passports, e-identity and mobile phones - even QR-coded verifiable paper documentation.

KYC processes as they exist today are fundamentally flawed for the following reasons:

- They institutionalise an identity checking process that seeks to gain confidence from retrospectively checking credentials that can almost never be established as reliable. Forged passports, utility bills, driver's license etc.

- Regulation only requires that institutions go through the process – they do not require the organisation to assess the risk whether the applicant and/or the documentation they provide is likely to be authentic

- Processes that automate credential checking do not comply with global standards – and there are no global agreements between government agencies that allow the automated look-up and reference to credentials and identity

- Passport, utility bills, drivers' licences and other credential documentation can almost always be forged or stolen for impersonation

- Where present, chip verification technology requires specialist verification equipment

- Enrolment of the same person is performed repeatedly by different organisations and often by the same organisation – time and time again – the cost is immense. Imagine the convenience of an enrolment process that gives the prospective customer both access to the service they are enrolling to and a convenient safe and secure electronic passport they can use elsewhere

- There is no standardisation – so the enrolment process carried out by one organisation may not be acceptable to another. Imagine the power of an application that could present an identity dataset for you to onboard and that could verify that this has been positively vetted by some other enterprise or other government agency that you trust and tell you whether this has been revoked or needs updating
- The cost and failure of identity processes is almost entirely borne by clients and customers – the cost of regulatory compliance to enrolling institutions is small by comparison and it is these enterprises that are trying to entice customers to buy their goods and services. Far from considering KYC as a cost of doing business, enterprises should see it as a chance to create binding quality relationships with potential customers
- Existing documentary checking processes do not make provision for:
  - the examiner's competence and experience – how long have they been doing the job
  - The method used to examine the document – have they been trained; can they spot a fake and if not, are they required to make an assessment?
  - The source of the document may be unreliable – i.e. it may be legitimate but stolen. Can this be checked? If so, was the check carried out?
  - The reliability of the data included on documentation. Has the address been updated or is it an old one, is the document still valid?
  - So even though documentation and the identity application itself may be legitimate, the belief in an identity is usually based purely on trust in a potentially flawed documentary trail

Codel notary identity enrolment incorporates the following features that address these drawbacks;

1) Defines the attribute data required for roles applicants seek at enrolment with target confidence levels, for each attribute, which must be reached before an enrolment can be considered successful
2) Defines the documents, sources, and evidence required to satisfy these attributes and the target confidence levels
3) Captures the attribute data claimed by the Applicants to an immutable Codel audit trail. Documents are captured to Codel's immutable audit trails (the longest running open hash-chain in the world published in the Financial Times since 2006)

4) Guides examiners through assessment of the documentary evidence requiring them to assign risk levels of uncertainty

5) Calculates cumulative confidence to provide an aggregated risk score

6) Enforces continued evidence gathering until all the target confidence levels have been met for the applicant

7) As an outcome, provides a notarised, portable identity dataset that can be re-used by the enrolled participant and that can be verified by anyone and which allows the relying party to know which organisation carried out enrolment, to what standard and when

8) Provides 1-7 as standardised software to anyone who wants to participate – allowing interoperability of identity risk verification

9) Provides audit trail checking procedures so that regulators can verify the processes that were carried out

10) provides a verification process that prompts the relying party as to validity (has it been revoked) and points them to more up to date information if the enrolled participant allows

11) Records the due diligence carried out when operators check documents from so called 'trusted sources' (Passport office, DVLA etc.) and lists their legal details, document sources and level of trustworthiness within the doc rules module) restricting the Sealing process to approved persons only within the enrolling organisation

12) Provides legal entity enrolment and document checking for companies and their subsidiaries checking certificate of incorporation, memorandum and articles of association, minutes of meetings, copies of written notices, legal charges etc.

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