

Minutes of meeting

Discovery Session

Date: 24, 07, 24 | Virtual meeting

Agenda

1. Welcome

- Meeting overview
- Guiding principles on competition

2. Overview

- Background on CFIT and Recap of Coalition 1
- Coalition 2 Model
- Introduction to Corporate ID

3. EY Presentation

- EY Case Study: SME Digital Passport and Use Cases
- Q&A

4. Ideation

- Open discussion: Problem Statement, definition and use cases

5. Next Steps/ AOB

- a. Dataset prioritisation survey
- b. AOB

Minutes

Item 1 – Introductions & guiding principles on competition

Purpose: For information

Speaker: EB and LI	<ul style="list-style-type: none">• Ez Britton (EB) Reminder of the anti-competition principles all CFIT Coalition meetings are governed by. Welcomed everyone, thanked everyone for the support offered so far.• Leon Ifayemi (LI) confirmed agenda
Comments:	None
Decision:	N/A – for information only
Actions:	None

Item 2a: Background on CFIT and Recap of Coalition 1

Purpose: For information

Speaker: LI	<ul style="list-style-type: none">• LI provided an update on key deliverables of CFIT and its Coalition Model• Reiterated thanks for support for success of CFIT Open Finance Coalition and indicated upcoming report launch by Open Finance Taskforce
Comments	None
Decision:	N/A
Actions:	None

Item 2b: Coalition 2 Model

Purpose: For information

Speaker: HS	<ul style="list-style-type: none">• Houssein El Sayeed (HS) provided an update on the design of Coalition 2. Provided an overview of mission around enhanced verification and economic crime. Listed the core group of stakeholders on the deck.• Timeline was discussed as follows: a) 5 August – partners need to return terms of reference, b) 4 September – sprint starts. We are now in discovery phase. Delivery phase will build out proofs of concept, and a blueprint. Partners in the Coalition will then be positioned as ambassadors to empower industry.
Comments:	None
Decision:	N/A
Actions:	All prospective Coalition partners to return Terms of Reference by Monday 5 August

Item 2c: An introduction to Corporate ID

Purpose: For information

Speaker: TL	<ul style="list-style-type: none">• Teresa Lam (TL) provided background on the legislative landscape; DISD inclusion in King's Speech is good.• DISD will provide legislative underpinning for smart data economy growth, DV services, smart data schemes• This is worth £600m per year to the UK economy.• The Coalition will explore secure, reusable, and trusted digital ID for corporates.
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	<ul style="list-style-type: none"> • CFIT hypothesis is that there are multiple data sources that can compose an ID – and it will depend on the use. This could go far down the chain towards supplier data credit profile. • TL explained why we need this – 1) Onboarding and KYB – first touchpoint in customer journey. 2) Minimise risk of onboarding fraud and automation of processes. This can reduce manual inputs, improve transparency and create a better experience. • In terms of data prioritisation, we will discover use cases to define the framework and narrow down the problem statement. • There is significant cross-over activity in policy for us to monitor; e.g. Company House reforms, Online safety Act. • We will uncover international case studies – with an interim white paper to be published in November. • POCs will be created over the period of the Coalition. • A blueprint roadmap will be finalised in March.
<p>Comments (HS):</p>	<p>HS confirmed that the meeting will now be transcribed; to which there were no objections.</p>
<p>Decision:</p>	<p>N/A</p>
<p>Actions:</p>	<p>None</p>
<p>Item 3a: EY Presentation on SME Digital Passport Purpose: For information</p>	
<p>Speaker: REF</p>	<ul style="list-style-type: none"> • Robyn Easton-Fei (REF) – from EY: discussed the SME digital Financial Passport, a digital platform facilitating streamlined business

operations and interactions with financial institutions and service providers. The system allows SMEs to efficiently manage and share vital business information, such as banking details and address changes, through a secure, digital channel.

- In terms of purpose and benefits:
 - Simplification of Administrative Tasks: The digital passport reduces the need for repeated documentation submissions across various platforms and processes.
 - Control and Security: SMEs retain control over their data, deciding who can access it and for what purpose, enhancing security and trust.
 - Efficiency and Speed: Instant data sharing capabilities accelerate processes like opening new accounts or setting up utilities.
 - Reduced Redundancy: Information verified once through the digital passport can be reused, eliminating the need for repeated checks by new service providers.
- **Target Users:**
 - a. Two primary user groups identified: SMEs and industry institutions such as banks and financial organisations.
- **Challenges and Obstacles:**
 - a. **Risk Ownership:** Determining liability for inaccuracies in shared data.
 - b. **Friction and Risk Management:** Different institutions have varied risk appetites, affecting the uniformity of data verification processes.
 - c. **Intellectual Property (IP):** Managing and defining IP rights within the network.
 - d. **Critical Mass:** Establishing a sufficient user base to ensure network effectiveness.

	<ul style="list-style-type: none"> e. Data Security and Trust: Balancing the need for data sharing with concerns over privacy and data protection. • Technology and Development: <ul style="list-style-type: none"> a. The platform integrates data from both private and public registries and requires a robust technology architecture to support this integration. • Historical Context and Lessons Learned: <ul style="list-style-type: none"> a. The project faced hurdles preventing wide-scale deployment • Further Development: <ul style="list-style-type: none"> a. Address the technical and operational challenges highlighted, refining the digital passport model to fit current business and regulatory environments. • Security Enhancements: <ul style="list-style-type: none"> a. Focus on enhancing trust and security measures to encourage broader adoption among SMEs concerned with data privacy.
	<p>NB This was a useful exhibition in providing relevant learnings, as CFIT's Coalition develops its own POCs.</p>
Decisions	N/A
Actions	None
<p>Item 3b: Questions and Answers following EY presentation</p> <p>Purpose: For discussion</p>	
<p>Speaker: multiple</p>	<ul style="list-style-type: none"> • This Q&A focused on questions and clarifications regarding the SME Digital Passport concept:

	<ul style="list-style-type: none"> • Tina Blocksidge (TB) raised concerns about the involvement of the Financial Conduct Authority in the passport system. Robyn Easton-Fei responded by clarifying that there were preliminary discussions with some regulatory bodies. The focus was around ensuring that the passport system aligns with anti-money laundering regulations and other compliance requirements. • In response to Mark Devlin (MD)'s query about international comparator examples, REF cited examples from Singapore and the Nordics, where digital passport-like systems have been successfully implemented. These examples are instrumental in demonstrating the feasibility and benefits of such systems, potentially aiding in gaining regulatory and governmental support. • Adrian Field (AF) asked about the choice between a centralised KYC utility model and an open banking model. REF indicated a preference for the latter, emphasising flexibility and customer control, which aligns with modern digital strategies. • Gareth Narinesingh (GN) asked about the reuse of verified data within the system. REF explained that the system allowed for data once verified by a trusted institution to be reused without necessitating repeated checks, aiming to reduce friction and increase efficiency.
Decisions	<ul style="list-style-type: none"> • LI outlined the strategic decision to progressively engage with regulators on CFIT's own Coalition POCs
Actions	<ul style="list-style-type: none"> • CFIT to incorporate feedback into the design of the Coalition.

- CFIT to consider international examples in white paper and blueprint

Item 4: Ideation – Open Discussion

Purpose: For discussion

Speaker:

Multiple

This section comprised of two key themes.

First, regarding the role verification can play in SMEs

- The discussion focused on identifying pain points SMEs face during the onboarding and offboarding processes with financial services, aiming to optimise these through a corporate ID system.
- **LI** highlighted that gathering documents and long lead times in onboarding create significant friction for SMEs.
- **LI** reiterated the potential for automating data collection to speed up the Know Your Business (KYB) processes, improving efficiency in risk assessment and business verification; and how the integration of multi-source third-party data could help in accurately assessing and validating business risk profiles.
- **Darran Morford (DM)** and **Grant MacDonald (GM)** raised that the corporate ID's utility could extend beyond just onboarding to validate businesses' legitimacy more broadly, potentially reducing fraud in various transactions.
- **GM** emphasised challenges related to compliance, especially the need for periodic data refreshment based on risk assessments, which could be streamlined with a more efficient system.
- **AF** and **MD** pointed out the pain points in procurement and supplier verification, suggesting that corporate ID could play a critical role in securing supply chains and financial transactions against fraud.
- **Xiaodi Wang (XW)** from GLEIF mentioned the integration with global standards like the LEI (Legal Entity Identifier), highlighting its potential to streamline financial and supply chain transactions worldwide.

Second, regarding which aspects of economic crime could be prevented by means of a Corporate ID

- **REF** emphasised that corporate IDs could play a crucial role in addressing money laundering and various types of fraud, including

	<p>tax evasion and investment scams, by verifying corporate identities and regulatory status.</p> <ul style="list-style-type: none"> • AF highlighted projects with the FCA demonstrating how corporate IDs could verify firms' regulatory compliance, preventing Authorised Push Payment (APP) fraud by ensuring that only authorised firms can advertise financial products. • Ross Aubrey (RA) discussed how corporate IDs could have mitigated fraud in emergency loan programs during COVID-19 by providing banks with a centralised view of new applicants, enhancing decision-making and reducing losses. • TB and Maggie Chen (MC) noted that corporate IDs could address complex crimes like human trafficking and modern slavery by making corporate structures more transparent. MC also pointed out the need to extend corporate ID considerations to emerging financial technologies like blockchain and cryptocurrencies. • Highlighted by all participants in this sub-section (RA, MC, TB, AF and REF), corporate IDs could verify the legitimacy of suppliers, preventing fraud in procurement processes and enhancing transaction security across supply chains.
Decisions	<ul style="list-style-type: none"> • CFIT to investigate scope of definition of Corporate ID • CFIT to consider consensus view on the need to automate and digitise processes to reduce manual errors and operational costs, which could be addressed by integrating a corporate ID system. • CFIT to explore initial areas of focus of Corporate ID applications named – prevention of fraud on financial transactions, regulatory compliance, and transparency enhancement of corporate structure.
Actions	None
<p>Item 4: Next steps</p> <p>Purpose: For information</p>	

Speaker: LI	<ul style="list-style-type: none"> • LI referenced the final slide of the deck. This is the reference point for the high-level plan for each session (which is covering a different point). • A call for action for everyone; we'd like your support in contributing to the design of the survey. We're going to send out to gather feedback. We're designing the survey on data prioritisation. If you can contribute, please do reach out to us. • Reach out to the team if you have any questions, broadly speaking. • There is an <i>additional</i> discovery meeting, which is a sort of the bridge between the discovery phase and the implementation phase. This will focus on running through the survey that we've collected, survey results, and the key findings.
Decisions	N/A
Actions	Coalition partners should contribute to the design of the survey; please provide feedback by next discovery session.

Attendees:

Chair: Leon Ifayemi

Organisation
CFIT
City of London Corporation
EY
Revolut
Alloy

Yoti
Amazon Web Services
CRIF
Ctrl-Shift
Allen Overy Shearman
Dun & Bradstreet
Experian
FDATA
GLEIF
KPMG
Lexis Nexis
Lloyds Banking Group
Mastercard
Nationwide
obconnect
OneID
Open Identity Exchange
Paragon Banking
Quantexa
Select ID
Thales
UK Finance
Cardiff University