

Minutes of meeting

Discovery Session 4

Date: 04.09.24 | Virtual meeting

Agenda

- 1. **Introductions**
- 2. **POC Development**
 - a. Update on Current Thinking
 - b. POC Partners, Data providers & Questionnaire
 - c. Next Steps and Upcoming Workshops
- 3. **Survey Responses**
 - a. Part 1: The Problem, Solution Ideation, & Corporate ID Dataset Ranking.
 - b. First Open Discussion
 - c. Second Open Discussion
- 4. **Next Steps**
 - a. Transitioning into the delivery phase

Minutes	
Item 1 – Introductions & guiding principles on competition	
Purpose: For information	
Speaker: LI	<ul style="list-style-type: none">• Leon Ifayemi (LI) Reminder of the anti-competition principles all CFIT Coalition meetings are governed by.• Welcomed everyone, thanked everyone for the support offered so far.

	<ul style="list-style-type: none"> • LI the confirmed agenda, ran through guiding principles and welcomed all partners. • Inclusivity and Follow-Up: If you're more comfortable sharing your thoughts outside of the meeting, feel free to reach out directly for a one-on-one conversation or via email. Our priority is to ensure everyone is included. • Chat Monitoring and Feedback: A team member is monitoring the chat to address all comments and questions during or after the meeting. Thanked everyone who completed the discovery survey; your feedback has been reviewed and considered in our key documents and outputs.
Comments:	None
Decision:	N/A – for information only
Actions:	None
<p>Item 2: Proof of Concept Development</p> <p>Purpose: For discussion/information</p>	
Speaker: LI	<p><u>Our POC Journey</u></p> <ul style="list-style-type: none"> • LI ran through Feedback and Priorities: Over the past five weeks, the coalition has gathered valuable feedback. The key focus from the last partner meeting on August 16th was on onboarding and KYB, emphasising the need to prevent fraudsters from entering the system. • The POC will primarily focus on KYB and onboarding, but the coalition is also exploring the use of Corporate ID to prevent APP fraud. • Partners were invited to contribute case studies to the blueprint. LI opened the floor to any comments/ interest.

- **Mark Devlin (MD):** Mentioned it would be worth connecting with their (**Lloyds Bank**) APP panel. **MD** to get CFIT team connected there, to explore the avenues their working on.

Proof of Concept Partners

- **LI** introduced the POC partners: Monzo, Lloyds & NatWest.
- The coalition has collaborated with Monzo, Lloyds, and NatWest to evaluate the feasibility of implementing a Corporate ID and its impact on their KYB process.
- We gathered valuable insights through targeted questionnaires and are currently analysing the responses. Non-commercially sensitive findings will be shared in the next session with each partner's approval.
- **LI** mentioned that the list of potential data and ID suppliers is open and evolving and interested data providers are encouraged to reach out to explore collaboration opportunities.

POC next steps and Upcoming Workshops

- **LI** mentioned that CFIT, along with POC partners, will design initial UX flows and prototypes based on feedback from questionnaires, survey results, and sprint discussions. These designs will be shared for review in an upcoming sprint.
- The user journey will be refined, focusing on the best design for the Corporate ID solution, covering topics like user experience, consent, data input, aggregation, and ethics.
- POC outputs will be tested with select businesses to gather feedback and assess practicalities, with support from the FSB and Sage. The impact of a Corporate ID will be assessed using metrics shaped by collective input.

<p>Comments</p>	<ul style="list-style-type: none"> • James Baston Pitt (JBP): TWO US based examples: First - related to COVID-19, the Small Business Administration (SBA) provided government funds to impacted businesses. Here is an article to with a high-level overview. Here are two more recent trends the US is running into.
<p>Decision:</p>	<p>N/A</p>
<p>Actions:</p>	<ul style="list-style-type: none"> • MD to introduce CFIT team to Lloyds APP Panel
<p>Item 3: Survey responses</p> <p>Purpose: For Information</p>	
<p>Speaker: TL</p>	<ul style="list-style-type: none"> • Teresa Lam (TL): Thanked the partners for completing the survey and providing valuable feedback. • The survey discussion will be divided into multiple sections over several sprints, starting with the problem statement and proof of concept. <p><u>High level observations from Survey Outputs</u></p> <ul style="list-style-type: none"> • Emphasis on digitised KYB and onboarding with decentralised, permission-based information sharing. Future sprints will explore incorporating these elements into the Corporate ID design and managing data permissions. • A digital Corporate ID will enhance information gathering and data accuracy but won't fully replace existing processes. Financial institutions must still ensure regulatory compliance through their own risk assessments, especially for complex or high-risk cases. • The benefits of a digital Corporate ID extend beyond financial services, aiding in tasks like government service applications and tax filings.

	<p><u>What are the Problems a Corporate ID Could solve?</u></p> <ul style="list-style-type: none"> • Survey responses identified several problems a digital Corporate ID could solve, including improving operational efficiency, promoting unique identifiers for companies, enhancing transparency and regulatory compliance, standardising the onboarding process, better understanding business consumers, and preventing fraud. Corporate ID brings value to both businesses and financial institutions. • The key is to design a fit-for-purpose solution with the right controls. • An open discussion was invited to gather thoughts on optimal outputs and define “what good looks like.”
Comments:	<ul style="list-style-type: none"> • Jon Roughley (JR) Whilst not in scope I think it would be helpful to capture what other use cases / sectors we believe a Corporate ID would benefit.
Decision:	N/A
Actions:	None

Item 3b: Open Discussion

Purpose: For discussion

Speakers: Coalition Partners	<p><u>How do we ensure the Corporate ID represents a single "source of truth"?</u></p> <ul style="list-style-type: none"> • LI introduced the first open discussion. • Adrian Field (AF): First task should be to determine what are the minimum datasets a corporate ID should have. Where does the data come from, who owns the data? • LI responded that this is something they'd come on to in just a moment, we've got the ranking of the data sets that you did on the survey in on the next slide.
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- **Clare Roughley (CR)** Mentioned a corporate ID should unify different identification systems, focusing on interoperability. Since "truth" may vary by information source or timing, connecting these systems ensures that corporate IDs are usable across different industries.
- The global LEI system allows users to raise challenges or update entity information, fostering an environment of up-to-date data and leveraging due diligence already performed on entities.
- LEI records link to local identifiers and registers, providing a jurisdiction-specific view, which might differ from global profiles.
- Conflicts may arise between data from different authorities (e.g., tax ID vs. business register), but linking these systems allows for digital discovery and aggregation of these "truths."

- **MD** Emphasised that the group must agree on what constitutes a corporate ID and its components. Once defined, the variability in these components must be addressed. In the UK, Companies House serves as a potential single source of truth, but there are challenges with the lack of verification, particularly of organisational structures and beneficial owners.

- **Lewis Utley (LU)** Mentioned an issue with verifying data lodged at Companies House, such as beneficial ownership. This raises questions about whether Companies House can truly serve as a single source of truth since different entities might hold varying views of what is accurate.
- Verification issues are tied to individual data items, which differ in coverage across jurisdictions, making it difficult to consolidate into one definitive source of truth.

- **LI** Replied the issue may be more related to oversight, verification, and validation of the data rather than the availability or collection of the data itself. There should be an overseeing entity responsible for ensuring that collected data is credible and accurately reflects reality.
- **MD** When onboarding clients, Companies House data serves as a baseline. However, further verification is required to ensure that it aligns with the bank's internal records.
- The challenge is determining who is responsible for verifying the accuracy of this baseline and ensuring liability in cases where data, such as director information, is outdated or incorrect.
- **Mike Goodwin (MG)** pointed out that Companies House is a useful but limited data source, covering only specific types of businesses (e.g., limited companies). Sole traders, which represent a significant portion of the customer base (over 40%), are not included, making Companies House insufficient as a universal single source of truth.
- **MG** highlighted the need for linking individual digital IDs to corporate digital IDs. This would ensure that individuals authorised to act on behalf of a company are properly verified.
- **MG** referenced the corporate digital ID framework, mentioning that it should incorporate individual digital IDs as a key pillar, ensuring that authorised officers or individuals can maintain and update corporate data correctly.
- Given the absence of a widely adopted digital ID system in the UK, a phased approach is required. While identifiers like DUNS numbers and LEIs (Legal Entity Identifiers) can be used for corporate data, a

trusted individual digital ID system must be promoted in parallel to create a full verification framework in the future.

- **Grant MacDonald (GM)** raised concerns about the feasibility of using Companies House or any single source as the definitive source of truth, especially in the context of fraud. Fraudsters could manipulate multiple third-party data sources. Instead, multi-source data corroboration is needed to detect anomalies and verify trustworthiness across different datasets.
- **GM** emphasised that relying solely on Companies House can lead to blind spots, as certain sectors (e.g., non-registered businesses, social clubs) would not be covered adequately.
- **GM** argued that a combination of multiple data sources will provide both trust and comprehensive coverage. Multi-source verification ensures a broader and more accurate view of entities, allowing for anomaly detection and overcoming the limitations of relying on a single data source.
- **AF** Unlike open banking, there's no secure way to share **Companies House** or **FCA** registration data. **AF** emphasised the need for a system allowing businesses to log in and securely share verified data, helping prevent impersonation and fraud, ensuring that the data recipient can verify the authenticity of the record.
- **AF** suggested developing APIs or verifiable credentials that authenticate business data directly from sources like Companies House or FCA. This would link the data to the rightful owner and block fraudulent use.
- **AF** explained **One ID's** dual governance under the **FCA** and **DSIT Identity Framework**, which ensures verifiable data sharing. Users can securely share their data, verified via digital certificates.

- **LI** inquired about extending this governance model to corporates.
- **AF** shared that he's requested the FCA to explore APIs that allow businesses to securely share their data and permissions. He proposed using **layered APIs** from trusted sources (banks, FCA, Companies House) to securely share verified records and block fraudulent actors.
- **Christopher Laws (CL)** Industry players struggle with data verification, even when data is available from sources like Companies House, CRAs, or LEIs. Coverage is inconsistent, especially for small businesses and sole traders, who may not be listed on all registries.
- The challenge lies in deciding how many sources are needed to verify data and ensure trustworthiness.
- The link between people and businesses is critical to reducing fraud. While businesses don't commit fraud, people behind them do. Current registries, like the PSC register, often list secretaries or other irrelevant individuals instead of the actual beneficiaries, creating a gap in fraud prevention.
- **CR:** emphasised that Companies House and similar registries are the legal sources of truth, but improvements are needed to close gaps in beneficial ownership reporting, especially when offshore individuals are involved.
- **Charlie Boundy (CB)** raised the need to understand which types of fraud the proposed solutions would address and whether they can work across different sectors. Triangulating data from multiple sources was highlighted as a more reliable approach than relying on a single source.

- It's important to clarify which factors need verification, including real individuals, relationships, and other business claims. This prioritisation will help determine which aspects of data sharing and verification are most critical to prevent fraud.

Coalition Outputs, Key indicators of success:

- LI introduced the new open discussion.
- **JR** Mentioned **3 categories:**
 1. **Desirability:** Measure success by the number of organisations that see value in the solution.
 2. **Viability:** Assess the potential economic and societal benefits to the UK and set clear targets.
 3. **Feasibility:** Define realistic timelines for delivering key data assets, aiming for implementation within 2–3 years.
- **LI** On the viability side, with an economist assisting on macroeconomic projections, we expect to have solid numbers within the next couple of months, likely following our interim findings. These figures will support ministerial briefings and clearly demonstrate the potential value to UK PLC.
- However, feasibility is still a challenge. We're too early in the process to confirm a clear technical path for implementation. More work is needed.
- **GM** highlighted that the SME onboarding process often involves up to 150 questions, leading to a high drop-off rate (up to 40%). This indicates a need to streamline the process. Banks have reported that only 60% of customers complete the onboarding process. It is

estimated by Oxford economics that the UK's investing £34 billion a year in and of that £34 billion, 59% of that is just gathering the data.

- **GM** proposed automating the question set to reduce friction and improve customer access to funding. This includes improving the company identifier to verify business activity and jurisdiction.
- **MD** emphasised the need for industry-wide agreement on the minimum data set required for a digital ID. Without consensus, the success of the initiative is at risk.
- He noted the importance of defining a standard data set to avoid unnecessary additional questions and ensure a smoother onboarding process.
- **MD** also mentioned that in the US, additional questions are often layered on top of the basic data set, complicating the process further. This indicates a need to carefully balance the standard data set with necessary verification steps.
- **JBP** Proposed leveraging insights from consumer financial services to improve SME onboarding, emphasising the importance of unlocking access and addressing limitations. Key metrics include Straight Through Processing (STP), which is affected by the number of questions and manual interventions.
- **James Roe (JR)** suggested creating a roadmap with key areas for improvement and clear responsibilities. This should include an honest assessment of current capabilities and a realistic timeline for achieving goals. This approach is aligned with similar initiatives like the digitalisation review led by Douglas Flint.

	<ul style="list-style-type: none">• LI noted that the initial focus will be on smaller UK-based businesses with simpler structures. International use cases and global processes will be considered later as part of ongoing efforts beyond the initial six months.• Stefano Buscaino (SB) emphasised the need for regulatory support to ensure that using standardised criteria for KYC (Know Your Customer) processes is acceptable and does not require additional verification steps. This support is crucial for banks operating across multiple jurisdictions.• Clarified that the goal is to justify the use of specific processes within the UK rather than imposing a global process on UK customers. This will help align local practices with global standards without complicating the customer experience.
Comments (on chat):	<ul style="list-style-type: none">• MG The example that came to mind for me is electronic invoicing. Outside the UK this is becoming mandatory in many countries and we (Sage) advocate very strongly for it in the UK because it streamlines a major and time-consuming business-to-business workflow and also should allow us to dramatically reduce invoice fraud.• AF (replying to CR): I don't think there will be a 'single source of truth' – data is presented by a party, some will be verifiable, some unverifiable – and other 3rd party data sources are then used to verify/match/risk score the data to match the use case• RH Clare. How would you link the local data sources to the LEI?• JBP Agreed, we need to agree on what are the minimum requirements that need to be met and maintained to ensure an FI can trust the Corporate ID as reliable and not one that has been compromised.

- A good example of the challenge we face is how DBS checks are used in the UK. They are as reliable as the day you do it so the industry requirement is any change in job (which requires a DBS) means you have to go through this process again.
- **AF** The problem with CH being open data is anyone can pretend to be a company on the register. Companies House should provide an API to enable the data record owner to present the data to prove they control it (similar to Open Banking flow).
- **JBP** quality & accuracy typically = cost. Which causes a barrier for kyb.
- **Darran Morford (DM)** we are trying to stop fraud and if fraudulent or unverified info is in a dataset that is trusted it fails the objective we are trying to achieve
- **CR** The Global LEI System gives you the end points. For example, the local registration authority like a Companies House is referenced in each LEI record as well as the local identifier for that corporate in the registration authority. If the user needs more data than the data available in the LEI record the user can access that end point based on the service provider (e.g. does the Companies House provide an API, file download, etc)? In the case of data suppliers like S&P, the user would use the S&P Global ID to access further information based on their subscription to the S&P products.
- **CR** Here is a list of the sources of truth (e.g. the sources for validation and verification in the Global LEI System):
<https://www.gleif.org/en/about-lei/code-lists/gleif-registration-authorities-list>
- **MG** This is similar to my point about the connection of an individual digital ID to a corporate one.

- **DM** The Banks and Open Banking Specifications: They can be included in a trust framework and then provide verifiable data
- **RH** I agree with your observation Adrian. It requires that source data provider i.e. Companies House, validates the identity of the individual providing their data before it goes into their Registry. This needs to be applied to all data providers included in the Corporate ID. This Trust Framework could be applied across all the Data Providers to help verify the accuracy of the data we use
- **JR** Agreed on Adrian's idea about data sharing, to make this an useable customer experience (ironically) there needs to be interoperability of ID & Authentication across different data sources.
- **MG** rather than a single source of truth, don't we need an identifier that is recognised and used by many different sources of truth, this would replace the situation we have today where every different registry/data source has its own proprietary ID. this would allow us to coalesce data from different sources around the shared identifier. sorry if this is repeating what others have already said...this does not address the trustworthiness of the data however.
- **Louise Beaumont (LB)**: Referring to success factors - would add scalability and improving confidence that the UK is a safe place to do business (hostile to fraud)
- **Tony Curzon Price (TCP)** Do you (GM) have a pointer to the way that Oxford Economics came to the £34bl number?
- **AF** on success - the extent of buy in from those outside the coalition that we are looking to influence - gov, regulators, CH, FCA etc on adoption of ideas/PoC
- **GM** (Replying to TCP) I'd be very happy to share the report. I'm afraid I don't know how the numbers were calculated but I do know the author who may be able to offer some clarity

Decision:	N/A
Actions	None

Item 3c: Open Discussion: Ranked datasets

Speaker: LI	<ul style="list-style-type: none"> • LI Introduced dataset ranking, Companies House ranked very highly with 54% of survey respondents selecting this as top priority. • LI are there any datasets that should comprise this? At the minimum common level, need to onboard safely and compliantly. • LU Highlighted the importance of linking businesses to identify ownership, particularly in international contexts. He emphasised that cross-border issues will surface quicker than expected, urging consideration of how to handle ownership and beneficiaries globally. Global data sets are generally owned by data suppliers such as LexisNexis and Dun & Bradstreet. • AF proposed categorising data into three groups: <ol style="list-style-type: none"> 1. Entity Identification: Minimal data to securely identify an organisation. 2. Entitlements: What licenses and permissions the organisation holds. 3. Additional Corporate Data: Accounts and other associated data. • LI agreed and discussed how the corporate ID stack initially separated data into levels, with risk-related data in Level 2. He noted that survey responses suggested some data points should be moved to Level 1 for universal collection, irrespective of risk appetite. • AF added that data minimisation is key, emphasising that not all data (e.g., revenue) is necessary for basic corporate ID purposes.
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- **JR** Highlighted two key points:
 1. The quality of data varies significantly, posing risks (e.g., using social media data can lead to inaccuracies or biases).
 2. AI and other tools can be applied to data to derive insights, but there is a risk that the output might not always be accurate, especially when a single comprehensive database does not exist.
- **JR** further noted that AI could help fill gaps where there is no singular database but cautioned that this inferred data may not always be reliable.
- **GM** proposed leveraging open government license data (e.g., Companies House, FSA, Care Quality Commission) for various sectors, ensuring the datasets are relevant to different entity types (e.g., dentists, schools, MOT providers). **GM** stressed the importance of directories like Market Location and Thompson for small, non-limited businesses, which might not be captured by standard databases.
- He also noted that several third-party sources already exist and aggregate data (e.g., Companies House, VAT numbers, credit reference agencies). The focus should be on addressing gaps rather than rebuilding existing datasets.
- **CH** the importance of understanding the specific questions each dataset answers. For instance, Companies House data confirms if an entity is legally registered, but other datasets might be required to confirm if an entity is licensed to operate or actively trading.
- The need to be clear on the purpose of each dataset in the corporate ID ecosystem is crucial.

	<ul style="list-style-type: none">• LI stated that the team will recategorise and prioritise datasets for the corporate ID stack. This will likely happen in a future Sprint after discussions with data providers to identify gaps. <p>Open Discussion: Other Datasets</p> <ul style="list-style-type: none">• MG Crowdsourced rating type service, such as Trustpilot and other bodies like checker trade..
Comment (on Chat)	<ul style="list-style-type: none">• MG on that point of applying AI to decision making. that would raise questions of data and AI ethics IMO. many ethical frameworks for AI use would categorise profiling, if that's what you were meaning, as a high-risk activity. i believe HMRC is subject some specific legislation, beyond normal data privacy laws that restrict it's ability to share data.• CB Ran through key questions that need to be answered:<ol style="list-style-type: none">1. Are you registered legally2. Are you licensed to operate3. Are you operating/ trading4. Are you authorised to act on the companies' behalf (AF's point)• AF There is a lens of what data do you collect from the corporate themselves, what other data sources do you need to verify/triangulate correctness of that data, then other checks such as sanctions that need to be made (without knowledge/interaction with corp)• LB who's sanction/watch lists? UK only or beyond to EU, US etc... Beneficial ownership - UK only? Thinking of organisations where ownership trail ends up outside our borders

	<ul style="list-style-type: none"> • GM Agreed with MG... Tripadvisor, google reviews etc • RH Where is CIFAS data in this mix? Also, can we reference the option for banks to share data that they collect under rules of reciprocity, that may inform suspicious behaviour. • LU Agree totally, cross border will impact • CB Keen to learn more – thanks for being candid everyone • AF replying to RH we connect to synectics for individual fraud checks so that is included for the individual in the journey
Decisions	N/A
Actions	None
Item 5: Closing	
Speaker: LI	<ul style="list-style-type: none"> • LI closed the final discovery session! The discussions had today have been incredibly useful and it's great to see our coalition continue to grow. • Thanked partners for the survey responses and their time. • Next session: 18th September.
Comments:	None
Decision:	N/A – for information only
Actions:	None

Attendees:

Chair/s: Leon Ifayemi (LI)

Total Attendees: 52

Organisation
CFIT
Open Data Consultancy
Lloyds Banking Group
OneID
HSBC
NatWest
Quarter Digital
OBconnect
Lexis Nexis Risk Solutions
Alloy
Esynergy
Fintech West
Cardiff University

Experian
Visa
CoLC
Dun & Bradstreet
GLEIF
Allen & Overy Shearman
Sage
Revolut
Mastercard
Companies House
Nationwide
Ctrl-Shft
Tisa
Yoti
CRIF
TechnoXander
City of London Police