

A digital ID and KYC database to store and track customer data

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What can you do when customers forget or have lost their IDs and how can you better keep track of walk-in customers? Remittance Service Providers (RSPs) often struggle with customers arriving without valid IDs, leading to customers being turned away, discouraging return visits, and a shift towards insecure, informal transactions. Additionally, RSPs face challenges in efficiently tracking customers who are onboarded anew for each transaction, impacting customer satisfaction, and increasing fraud risks. A streamlined solution is to integrate a digital ID database and customer profile system that requires minimal information at onboarding, progressively enriching customer profiles with each transaction, and enhancing efficiency and security.

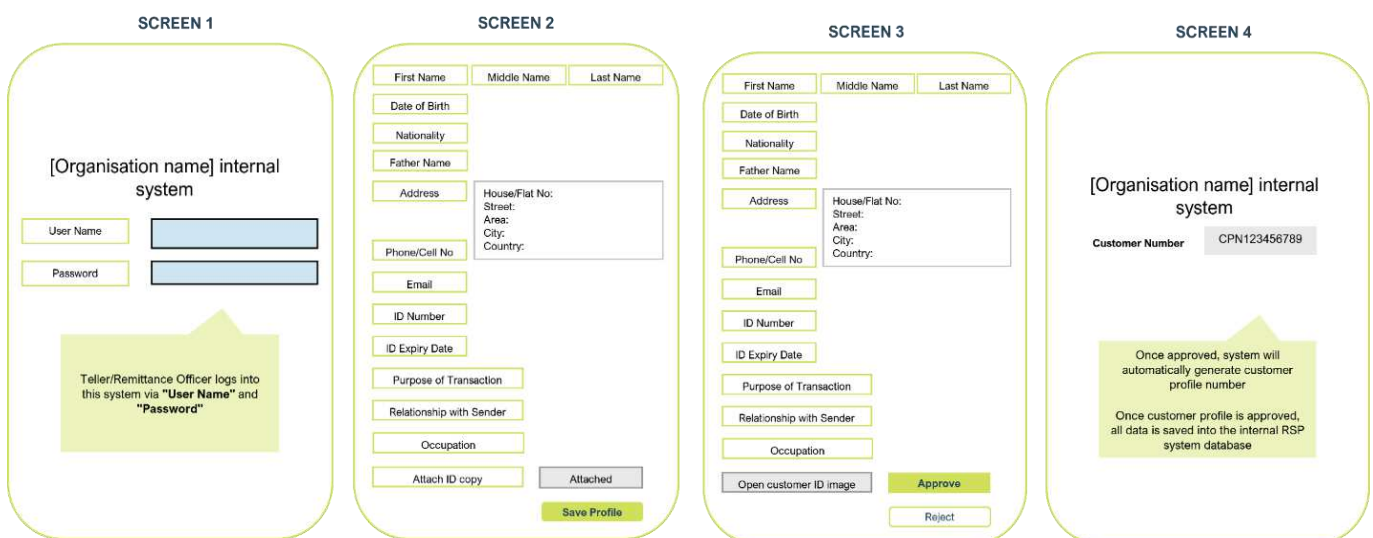
What the intervention entails

This intervention consists of two core elements:

- **Digital ID database:** a digital ID database is a digital storage facility that allows you to maintain digital copies of customer IDs, simplifying the verification process
- **Customer profile:** a customer profile is a digital summary of a customer's identity information and a track record of their financial transactions and key identifying information and transaction history, streamlining the KYC process with regular updates for over the counter (OTC) remittances.

Implementation involves setting up secure storage on a server or cloud, developing the database, and training staff to effectively manage and update these records.

A quick look at the intervention's components¹:



The interface consists of four screens:

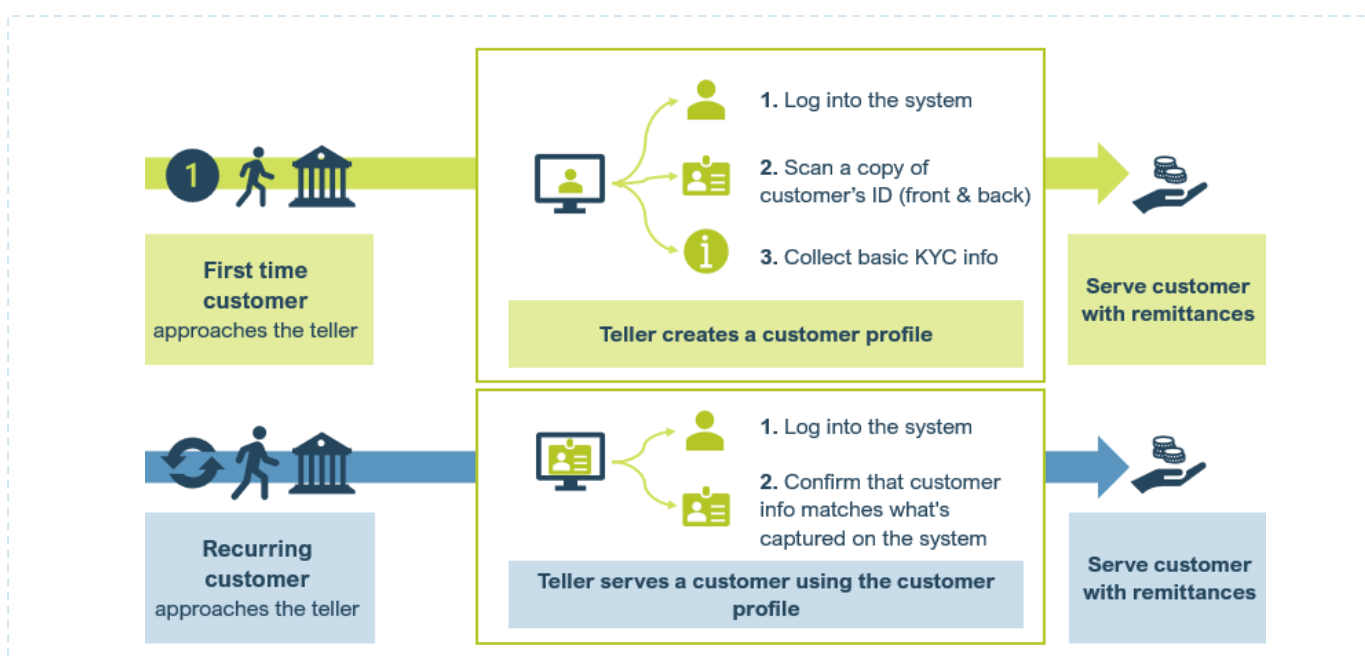
- SCREEN 1:** Login screen for the "[Organisation name] internal system". It features fields for "User Name" and "Password". A callout box states: "Teller/Remittance Officer logs into this system via 'User Name' and 'Password'".
- SCREEN 2:** Registration form. Fields include: First Name, Middle Name, Last Name, Date of Birth, Nationality, Father Name, Address, House/Flat No., Street, Area, City, Country, Phone/Cell No., Email, ID Number, ID Expiry Date, Purpose of Transaction, Relationship with Sender, Occupation, and Attach ID copy. There are "Attached" and "Save Profile" buttons.
- SCREEN 3:** Approval screen. It contains the same registration form fields as Screen 2, plus "Open customer ID image", "Approve", and "Reject" buttons.
- SCREEN 4:** Confirmation screen. It shows "[Organisation name] internal system" and "Customer Number CPN123456789". A callout box states: "Once approved, system will automatically generate customer profile number" and "Once customer profile is approved, all data is saved into the internal RSP system database".

An example of the digital ID database interface

¹ Note: in the IFAD toolkit, these innovations are explained separately. For the purposes of this workshop, we have combined them as they leverage the same foundational technology.

What the transformed customer onboarding process could look like:

1. Frontline staff takes digital copies of the customer's ID using traditional computer scanners or handheld devices².
2. Frontline staff saves the digital copies in the database with a unique code (e.g., the customer's ID number)³.
3. Scanner-based app or frontline staff captures core customer details in the database.
4. For returning customers, staff can quickly verify identity by searching the customer's national identity number in the database to retrieve the digital ID copy, eliminating the need for repeated full KYC and CDD procedures.
5. If the customer comes in again, the frontline staff validates the customer by sending a One Time PIN (OTP) to the captured mobile number⁴.



The customer journey when using customer profiles.

Benefits for the implementing institution

This intervention seeks to turn OTC clients into regulars given the convenience factors, particularly since sending away many customers daily poses a reputational risk. This holds significant business cost savings, as RSPs will have to conduct KYC only once per client.

² Hand-held devices can be especially useful if IDs have a barcode. This is most useful if the barcode is linked to a national database for verification.

³ A unique number is a crucial part of including the customer profile, to ensure that a customer remains traceable in the system.

⁴ When using any methods of capturing the customer's ID, the necessary precautions like access controls, password protection and safe recordkeeping should be followed.

This innovation can assist you to:



Enhanced customer insights for marketing and product development. Analysing customer profiles to understand behaviours and transaction patterns leads to new business opportunities and more personalised services, increasing customer loyalty and engagement.



Enhance customer experience and accessibility of services by streamlining transaction processes and overcoming the need to bring a physical ID for repeat customers, increasing convenience and loyalty while expanding the customer base.



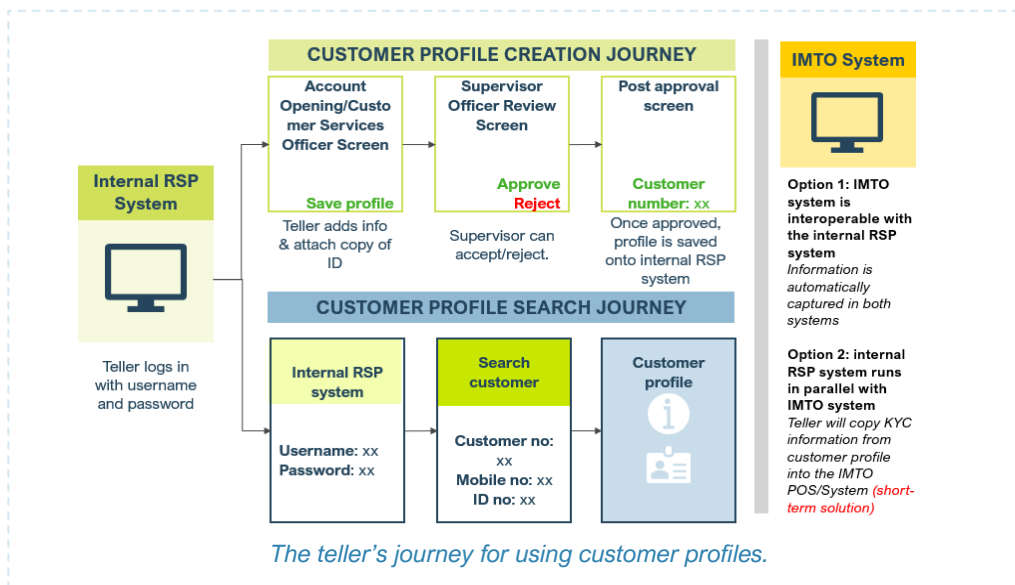
Increase operational efficiency by minimising errors and simplifying processes, reducing costs and improving transaction costs.



Reduce fraud and increase the visibility of KYC processes through continuous, robust verification, maintaining accurate customer details and raising accountability among cashiers.

Suggested steps for implementing this intervention

- **Step 1: Involve key teams and experts.** Engage essential teams and expert opinions from the start to ensure regulatory compliance and practical feasibility of the planned changes, including IT system developers for database development and system interoperability.
- **Step 2: Determine ID collection methods.** Decide on the methods and tools to capture digital ID copies, such as scanners or mobile phones, ensuring they are compatible with your systems and considering both in-branch and remote onboarding processes.
- **Step 3: Develop the ID database and customer profile.** Create or select a centralised database to store digital ID copies, adhering to regulatory data storage requirements and designing a user-friendly interface for storing and managing customer details. Ensure that customer profile functionality is available on the database and that each profile has the customer’s name and unique customer number, such as the customer’s ID number to make it easy to pull up and link to the customer. Ensure interoperability with current and future systems and collect essential customer data including legal names, ID details, and transaction history.
- **Step 4: Set up the customer interface.** Introduce an interface for frontline tellers that starts with a login page and includes search and profile management features to ensure easy access and verification of customer information during transactions.



- **Step 5: Establish security standards.** Implement strict security protocols, including restricted access, user management, data access controls, and audit trails, to ensure the protection of customer information.
- **Step 6: Integrate flags and notifications.** Add safety and user experience features, such as one-time pins (OTP) for identity verification, notifications for expiring IDs, and audit trails to monitor and secure database interactions.

- **Step 7: Train frontline staff.** Develop a detailed training manual and provide live demonstrations to prepare staff for operational changes, the benefits of the new system, and enhanced customer interaction processes.
- **Step 8: Sensitize customers.** Inform and prepare customers for the new process through branch posters, marketing campaigns, and direct support from customer service representatives to ensure a smooth transition.
- **Step 9: Pilot the intervention.** Conduct a controlled pilot test in selected branches to identify and resolve operational issues, test the system's effectiveness, and adjust based on findings over a recommended period of three to six months.
- **Step 10: Roll out the intervention.** Deploy the system across all branches following a successful pilot, continuously gathering, and integrating staff and customer feedback to refine and improve the process.

Considerations before implementing

This intervention was developed and implemented as part of the IFAD and Cenfri Remittance Access Initiative (RAI). Based on this experience, the table below indicates the key resources required if implementing this for the first time.

- **Time:** Roughly 6-12 months from design to implementation
- **Capacity:** a project champion who will be responsible for managing the implementation of the intervention, someone with software development and system management skills, who will oversee the actual development and implementation of the database, as well as ensuring that staff are trained on the changes required in their processes.
- **Key dependencies:** alignment with IMTOs to ensure that they are aware of the intervention and how it can change documentation requirements, as well as ensuring that there is system interoperability with that of the IMTOs.
- **Regulatory considerations:** consider the regulatory assessment for your country, specifically drawing on the AML-CFT Act, regulations, and guidelines. Key things to consider include the types of IDs you can collect, the storage requirements and how IDs should be verified.

Reflections from other implementing organisations

Organisations that have adopted digital database and customer profile intervention emphasise the importance of having adequate in-house capacity to implement and maintain the intervention, including necessary system storage and specialised staff like software developers. They recommend starting with internal products before integrating partner products, considering customer digital and financial literacy for effective sensitisation, and being prepared for potential delays in approval and adoption due to internal compliance concerns. Additionally, overcoming challenges in customer and management buy-in is crucial for the successful implementation and adoption of the intervention.

This intervention forms part of a broader remittance innovation toolkit which can be accessed [here](#).