THE FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION

HORIZON 2020

VIMO PAY
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Project Number 683612

D 4.1 – Decision Matrix and Process Definitions

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Final

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petaFuel

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Executive Summary

This document constitutes deliverable *D 4.1 – Decision Matrix and Process Definitions* of Work Package 4 (WP4) of the VIMpay project.

The purpose of this deliverable is to define the business processes involved during the VIMpay account setup and KYC (upgrade) processes that will be available in version 2 of the app. The main focus is on the process adaptability necessary for entry into the wider EU market with limited to minimal effort.

The deliverable outlines the processes, focus, and adaptability efforts that will be entrenched in initial phase of the project to allow a smooth transition into the wider EU market.

1   Introduction

For adoption into the wider EU market, the following questions are addressed in order to fully define and formulate effective and easily adaptable VIMpay KYC processes:

a)   What are the VIMpay "Know Your Customer" (KYC) processes?
b)   What are the principal elements and requirements of the VIMpay KYC processes?
c)   What is the ongoing customer due diligence (OCDD)?
d)   What are the risks of not implementing the VIMpay KYC processes?
e)   What path will VIMpay take to adapt EU-compliant KYC processes?

2   Overall Objectives

The principal objectives of the VIMpay KYC processes include:

a)   Ensuring that only legitimate and bona fide users are accepted
b)   Ensuring that VIMpay users are properly identified and that they understand the risks they may pose
c)   Verifying the identity of VIMpay users using reliable and independent processes
d)   Monitoring VIMpay user accounts and transactions to prevent or detect illegal activities
e)   Implementing processes to effectively manage the risks posed by customers trying to misuse VIMpay
f)   Streamlining EU VIMpay KYC adoption efforts

3 Process Definitions

All VIMpay KYC processes have been defined and adopted with a view of the wider EU market entry in mind and the ease of adaption in the EU without jeopardizing other project efforts.

3.1 What is the VIMpay KYC process?

As a mobile application, it is highly important to avoid fraud or excessive risk in financial transactions which might involve VIMpay customers. Under Anti-Money Laundering (AML) /Counter Terrorism Financing (CTF) legislation, the VIMpay KYC process refers to documentation/processes which set out our approach to ensuring that it can effectively identify, verify and monitor the users and the financial transactions in which they engage, relative to the risks of money laundering and terrorism financing.

3.2 What risks are mitigated by the VIMpay KYC process?

Reputational risk

The reputation of VIMpay at the core of its success. The ability to attract good users is dependent on reputation. Even if VIMpay is otherwise doing all the right things, if users are permitted to undertake illegal transactions through VIMpay, its reputation could be irreparably damaged. A strong VIMpay KYC process will help to prevent VIMpay from being used as a vehicle for illegal activities.

Operational risk

This is the risk of direct or indirect loss from faulty or failed internal processes, management and systems. Operational excellence is critical for VIMpay to have a competitive advantage. If the VIMpay KYC process is faulty or poorly implemented, then operational resources will be wasted, which increases the chance of being used by criminals for illegal purposes. Time and money is then spent on legal and investigative actions and VIMpay will be viewed as operationally unsound.

Legal risk

If VIMpay is used as a vehicle for illegal activity by users, petaFuel faces the risk of fines, penalties, injunctions (and even forced discontinuance of operations.)

Financial risk

If petaFuel does not adequately identify and verify customers, it may run the risk of unwittingly allowing a user to pose as someone they are not. The consequences of this may be far reaching.

3.3   VIMpay KYC process elements

Customer acceptance

The point at which a new user is accepted or rejected is the easiest point at which the risk of dealing with illegal money can be avoided. The VIMpay KYC process follows good customer acceptance policies, which deal with individuals who might engage in illegal transactions can be avoided.

Customer identification

Establishing the identity of customers is central to the VIMpay KYC process both for the customer acceptance or rejection decision and for the ongoing monitoring of customer accounts and transactions. By identifying customers effectively, petaFuel is able to deal with them in the appropriate manner.

Customer verification

Verifying that customers are who they say they are is vital to the petaFuel customer identification procedure. Reliable and independent documentation are used to support and confirm the identification details a customer provides. This process is conducted in conjunction with the Deutsche Post through the PostIdent verification method or through a WebIdent or VideoIdent process.

Accounts and transactions monitoring

In the VIMpay KYC process, customer accounts and transactions will be properly classified in terms of risk and are regularly monitored. Through checks and thresholds, unusual transactions or suspicious account activity can be detected and reviewed.

Risk management

To ensure that the risks posed by money laundering and other criminal activities are identified, mitigated and managed petaFuel employs essential risk management practices.

4   Existing VIMpay KYC Processes

As detailed below, the existing VIMpay KYC processes are version-specific due to the nature of offered services and features in each version.

4.1   VIMpay KYC-dependent Processes

As previously outlined under *D 7.1 First enhanced exploitation and pricing plan*, VIMpay will utilize a Freemium business model. This will necessitate two critical processes which require a KYC check:

a) VIMpay account opening

VIMpay users can automatically select a version after downloading the app.

Users who opt to retain just the VIMpay Standard version will be required to complete a Small KYC check in order to utilize the corresponding functionalities as illustrated in the Decision Matrix in section 4.2

Alternatively, a VIMpay user can automatically chose VIMpay Premium (when the version is available) and this would trigger a Full KYC check.

b) Account Upgrade

(1) Upgrading from VIMpay Standard to VIMpay Plus
VIMpay Standard users who have already completed a Small KYC check will not be required to complete a secondary Small KYC check when upgrading to the VIMpay Plus version.

(2) Upgrading from VIMpay Plus to VIMpay Premium
VIMpay Plus users that wish to utilize the VIMpay bank account functionalities will have to upgrade to the VIMpay Premium version. This will trigger a Full KYC check

4.2   VIMpay KYC Decision Matrix

							VIMpay Decision Matrix
Basic VIMpay KYC Structure							
VIMpay Version	**Preset KYC Modell**	**Instant top-up limit**	**Maximum Account Balance**	**Revenue Limit per year**	**KYC Requirements**	**VIMpay Functionalities**	**Additional Requirements**
NOT CURRENTLY SUPPORTED	NO KYC Anonymous	15€	100€	100€	None	"Gift card" with limited use only	
						Reloading the card for the second time	Basic Small KYC
Standard	Small KYC	15€	300€	2,500€	1. Reference bank account 2. Mobile phone number verification via TAN 3. Automatic address check	1. Mobile phone recharge 2. Account recharge via Instant Replenishment 3. ATM Cash withdrawals 4. Internet purchases 5. POS purchases	
						6. Plastic VIMpay card and ATM withdrawals	Basic Small KYC + Address verification / Proof of address in the form of a residence registration certificate before the plastic card is sent

| VIMpay Decision Matrix							
Basic VIMpay KYC Structure							
VIMpay Version	**Preset KYC Modell**	**Instant top-up limit**	**Maximum Account Balance**	**Revenue Limit per year**	**KYC Requirements**	**VIMpay Functionalities**	**Additional Requirements**
Plus Upgrade	Small KYC	150€	2,500€	2,500€	1. Reference bank account (NOT required if upgrading from VIMpay standard and a Small KYC check is already accomplished) 2. Mobile phone number verification via TAN 3. Automatic address check	1. Mobile phone recharge 2. Account recharge via instant replenishment 3. Account recharge via a bank transfer 4. ATM Cash withdrawals 5. Internet purchases 6. POS purchases	
						6. Plastic VIMpay card and ATM Cash withdrawals	Basic Small KYC + Address verification/Proof of address in the form of a residence registration certificate before the plastic card is sent

VIMpay Decision Matrix							
Basic VIMpay KYC Structure							
VIMpay Version	Preset KYC Modell	Instant top-up limit	Maximum Account Balance	Revenue Limit per year	KYC Requirements	VIMpay Functionalities	Additional Requirements
Premium Upgrade	Full KYC	Unlimited	10,000€	Unlimited	1. PostIdent / VideoIdent 2. Mobile phone number verification via TAN	1. Plastic VIMpay card and ATM Cash withdrawals 2. Internet purchases 3. POS purchases 4. Mobile phone recharge 5. P2P payments (among VIMpay users) 6. Bank transfers (SEPA) 7. Bank account functionalities 8. BankingBro 9. Recharge via Instant replenishment 10. Recharge via a normal bank account	
						11. Increasing the maximum account balance above the 10.000 € limit	Basic Full KYC + A telephone call to the VIMpay customer service number to review the customer account

5 VIMpay KYC Implementation

All efforts will be made to align the VIMpay KYC processes with existing EU KYC processes (as illustrated below) in order to allow smooth user acquisition, verification and onboarding in the wider EU market.
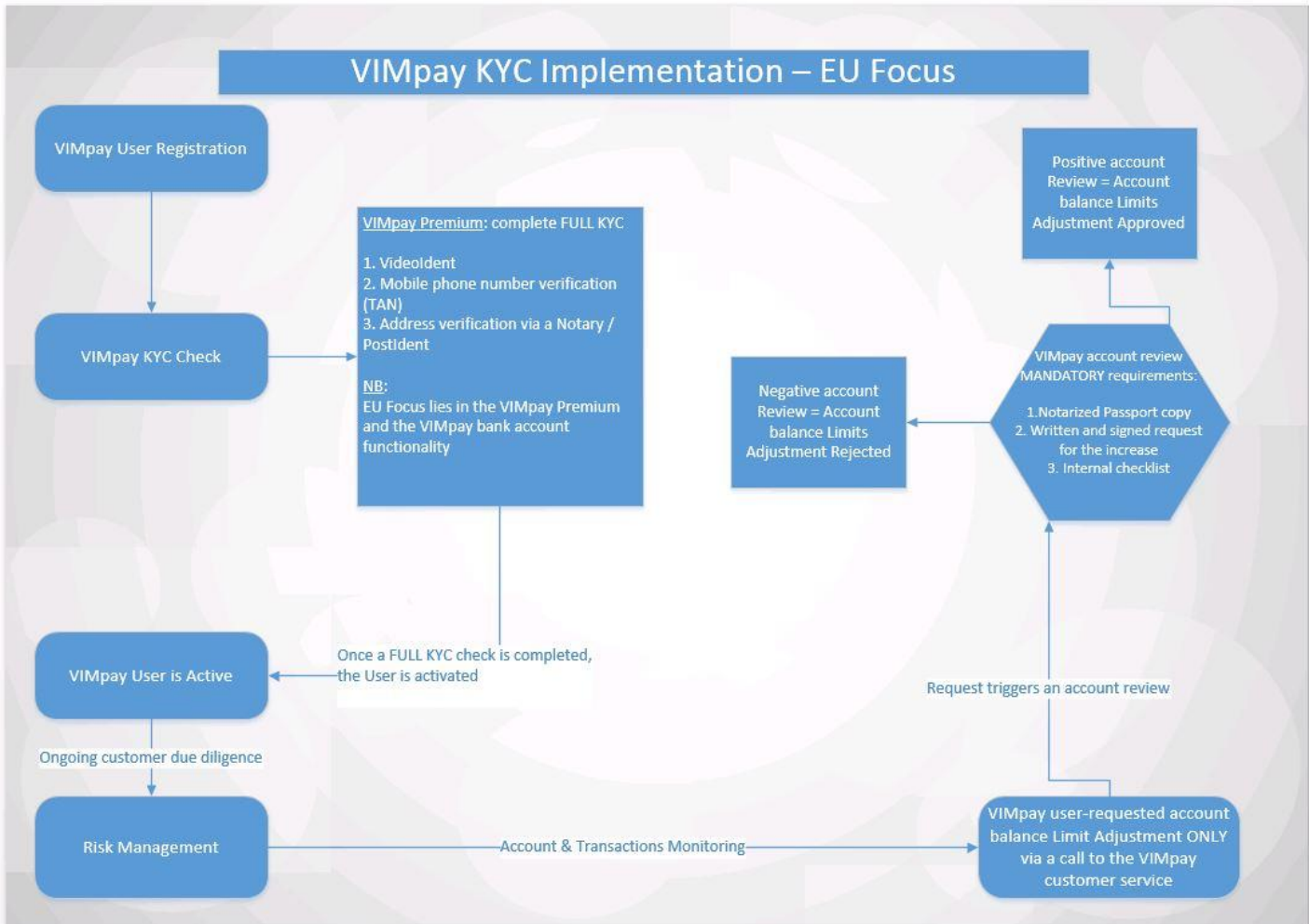
5.1 VIMpay KYC Implementation – Pilot

The VIMpay KYC will be implemented and integrated for the pilot as illustrated below.
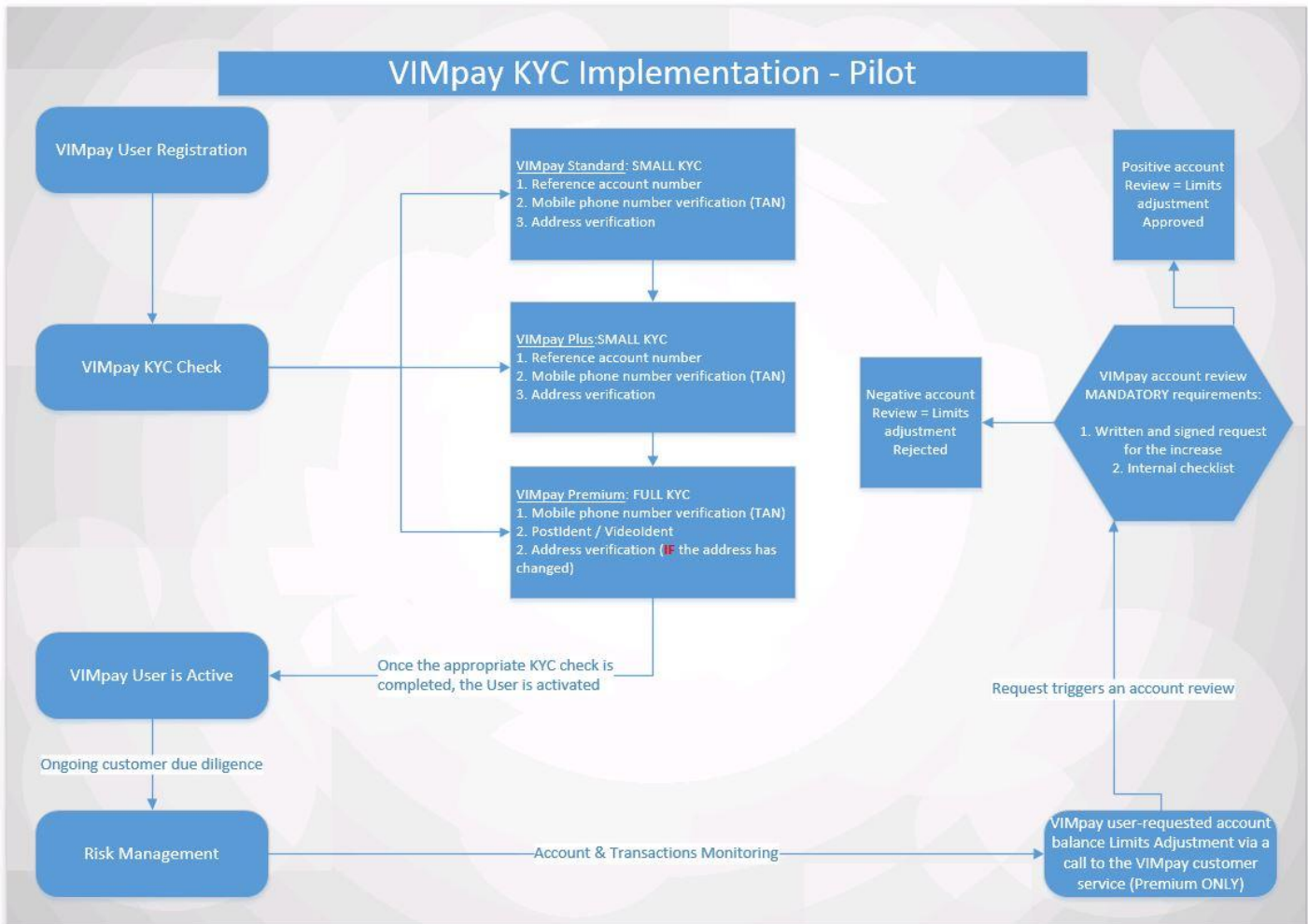
5.2 VIMpay KYC Implementation – EU Focus

The VIMpay KYC will be adapted to the EU standards and implemented and integrated as illustrated below.

6   Conclusion

This document which represents Deliverable D 4.1 constitutes:

i)   An overview of the KYC-dependent VIMpay processes from the point of user acquisition and the underlying upgrade process

ii)   An overview of both the VIMpay KYC implementation plans for the pilot and EU adaption phases.

All future efforts pertaining to KYC implementation and integration will be based this document.