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Digital Assistant for Legal Awareness and Designing KYC Framework in India

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1 Abstract: The India IPC act requires financial institutions to collect personal information from individual at the time of opening accounts to prevent the use of formal financial system for illegal purposes in the India financial system, by keeping this collected information together, its use can prevent fraud in the formal financial system and help track down confidential information. It Helps to keep the financial information of every money coming and going in the financial institution, it is a hub made for all the financial institutions and other and Govt institutions to get the personal information of every person together in digital form. its easily and quickly accessible hub to banking officers to maintain customers data. KYC hub is secure environment to keep all customers data centrally.

2. Introduction: The Reserve Bank of India introduced KYC guidelines for all banks in 2002. KYC ensure that banking service not being misused.

Long form of KYC is Know Your Customer and sometimes Know Your Client. KYC or KYC check is the mandatory process of identifying and verifying the customers identity when opening an account and periodically over time. Bank have identify each customers details to avoid any banking fraud.

With the use of KYC Preventing criminal activities like money laundering, fraud, black money etc..

The four KYC elements, that banks and financial institutions look at when setting up their KYC programs are the customer acceptance policies and procedures, with the use of KYC hub we can centrally access the all customers details in single database.so it can easily we can verify customer is genuine or not.

One of the main reasons for KYC to be introduced in financial markets was to limit/prevent cases of fraud, tax evasion and money laundering. In order to do that, the source and destination in case of any financial transaction must be found out.

KYC hub is lightweight so we can easily access all the datils of customers whenever we require. KYC hub is secure database so hackers can not gain access to our KYC hub as we are going to implement Kerberos security algorithms.

Our aim of this is to be transparent with bank who is customer and and he/she is really valid person using bank accounts so it can prevent online banking fraud.

3. Literature Review

1.1. Study of Existing System: Windows XP, Windows 10, 11., Linux, UNIX etc.

1.2. Findings from Literature Review:

2. Proposed System/Problem Definition

2.1. Introduction:

Problem Definition -Common challenges for KYC compliance, High onboarding costs. Low conversion rates. Lengthy onboarding processes. Poor record keeping

2.2. **Scope:** KYC helps banks to comply with Anti-Money Laundering regulations and prevent fraud. The aim of KYC is to protect both the bank and the wider financial markets from illegal activity. This includes involvement in fraud, money laundering, corruption or bribery

3. Objective of Proposed System: The objective of KYC is to prevent banks from being used intentionally or unintentionally by criminal elements for money laundering activities. WHY IS IT REQUIRED? KYC is required to verify the identity of clients.

4. Methodology:

Fill in the form with your details, specifically your Aadhaar, or PAN.

Complete biometrics if required.

Download the KYC form.

Visit the nearest KYC registration agency (KRA).

Submit the form with the attached ID and address proof.

System Architecture/Flow Diagram/ER Diagram/DFD Diagram

5. **Modules of Software System:** Login, New User, Existed Customer, KYC Done etc.

6. Requirements

6.1. Hardware Used: Laptop, PC. Etc (Thumb Reader)

6.2. Software Used: Java, PL Sql, SQL, DBA, CSS, etc.

7. Application of Proposed System:

KYC is used to verify the identity and address of investors at the time of opening their accounts. It helps to establish the investor's identity, prevent fraudulent activities, and ensure financial fair play in the market.

8. **Advantages, Disadvantages & Application:**

Advantages: A comprehensive KYC process can help shield your bank from a host of financial crimes — including fraud, identity theft and money laundering. An efficient process also reduces delays in the customer journey. But managing that process is a sizeable challenge if you're doing it all manually.

Disadvantages: With KYC checks relying on a person to verify the identity documents, a lack of knowledge and training and security complacency can mean that the level of risk for businesses is high, leaving them open to fraud.

Application: KYC is used to verify the identity and address of investors at the time of opening their demat accounts and trading accounts. It helps to establish the investor's identity, prevent fraudulent activities, and ensure financial fair play in the market.

9. Conclusion:

Center Hub for KYC. Cartelised KYC Hub to Access genuine and verified customer.

Know your customer (KYC) processes place a great burden on banks, because they are costly, inefficient, and inconvenient for customers. While blockchain technology is often mentioned as a potential solution, it is not clear how to use the technology’s advantages without violating data protection regulations and customer privacy. We demonstrate how blockchain-based self-sovereign identity (SSI) can solve the challenges of KYC. We follow a rigorous design science research approach to create a framework that utilizes SSI in the KYC process, deriving nascent design principles that theorize on blockchain’s role for SSI.

10. References : KYC Know Your Customer A Complete Guide - 2021 Edition Kindle Edition by Gerardus Blokdyk (Author)