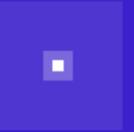# STRĀTUMN

L'USAGE DE LA BLOCKCHAIN DANS LE SECTEUR FINANCIER, QUELLE CONFIANCE ET QUELS RISQUES ?

OCTOBER 2019

Why Critical Process Collaboration is Key

—

Financial companies are collaborating with multiple partners on sensitive processes, with the ever increasing presence of regulators

Customers

Public entities

Retailers

Technical partners

Brokers

Reinsurers

[...]

Regulators

Banks and insurance companies collaborate with a large ecosystem

+20 Organisations involved in the research of beneficiaries of unclaimed life insurances

c10 Organisations involved on a single credit granting process

+60 Entities with different systems to manage on a technical account reinsurance process

Outdated Solutions and Methods

To treat multi-partner critical processes,
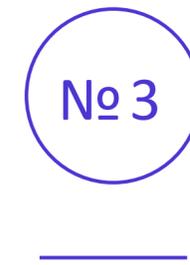companies use archaic tools and methods

№ 1

Manual and/or
paper-based processes

№ 2

Use of 3rd party agents
to 'externalise' trust

№ 3

Complex point to point
integration

Severe Consequences

OPERATIONAL

Obscure
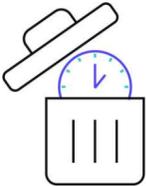Limited traceability and auditability

Disconnected
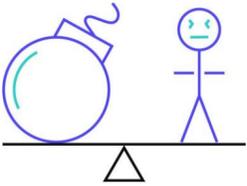Lack of real-time and synchronisation

Unsecure
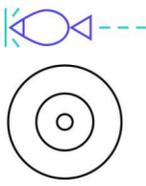Unsecured data transfers and poor data privacy

FINANCIAL

Inefficiencies
Low value tasks & little operations optimization

Risks
Fraud, theft, litigations & brand damages

Missed Opportunities
Little connectivity & scalability to develop partnerships

Disastrous Results

800 **M€**
/ Year

Onboarding operational costs for a major French bank

27 **B$**

Have been fined for AML & KYC non-compliance since the 2008 financial crisis

100 **M€**

Worth of fine to Cardif, CNP Assurances and Allianz for non-respect of the "Loi Eckert"

Critical Processes Between Partners — Trusted
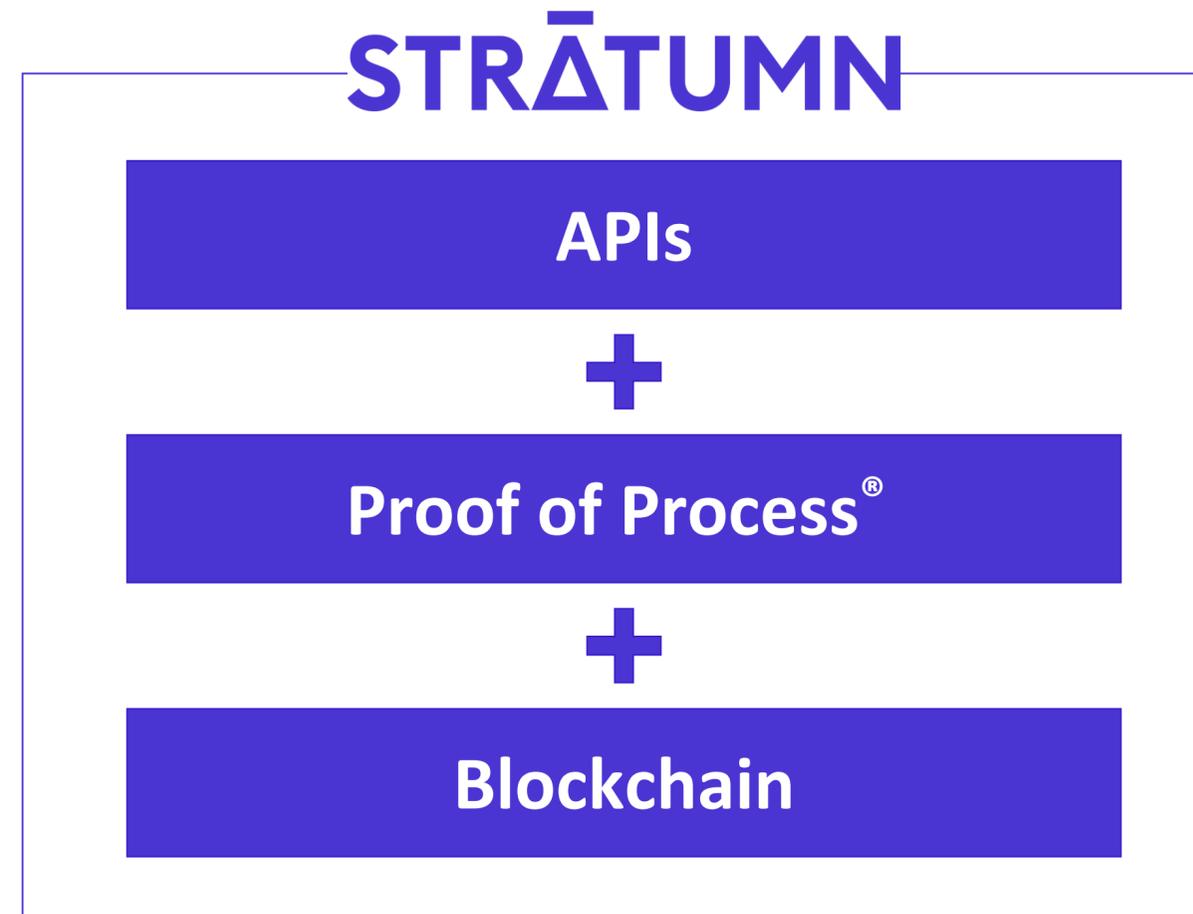
A Unique Tech Stack

—

Leveraging state of the art technologies, the Stratumn solution
streamlines, traces and secures critical processes shared among multiple partners

STRĀTUMN

APIs

+

Proof of Process®

+

Blockchain

The Backbone

Stratumn's Technology Stack underpins multiple partners in an inter-business process

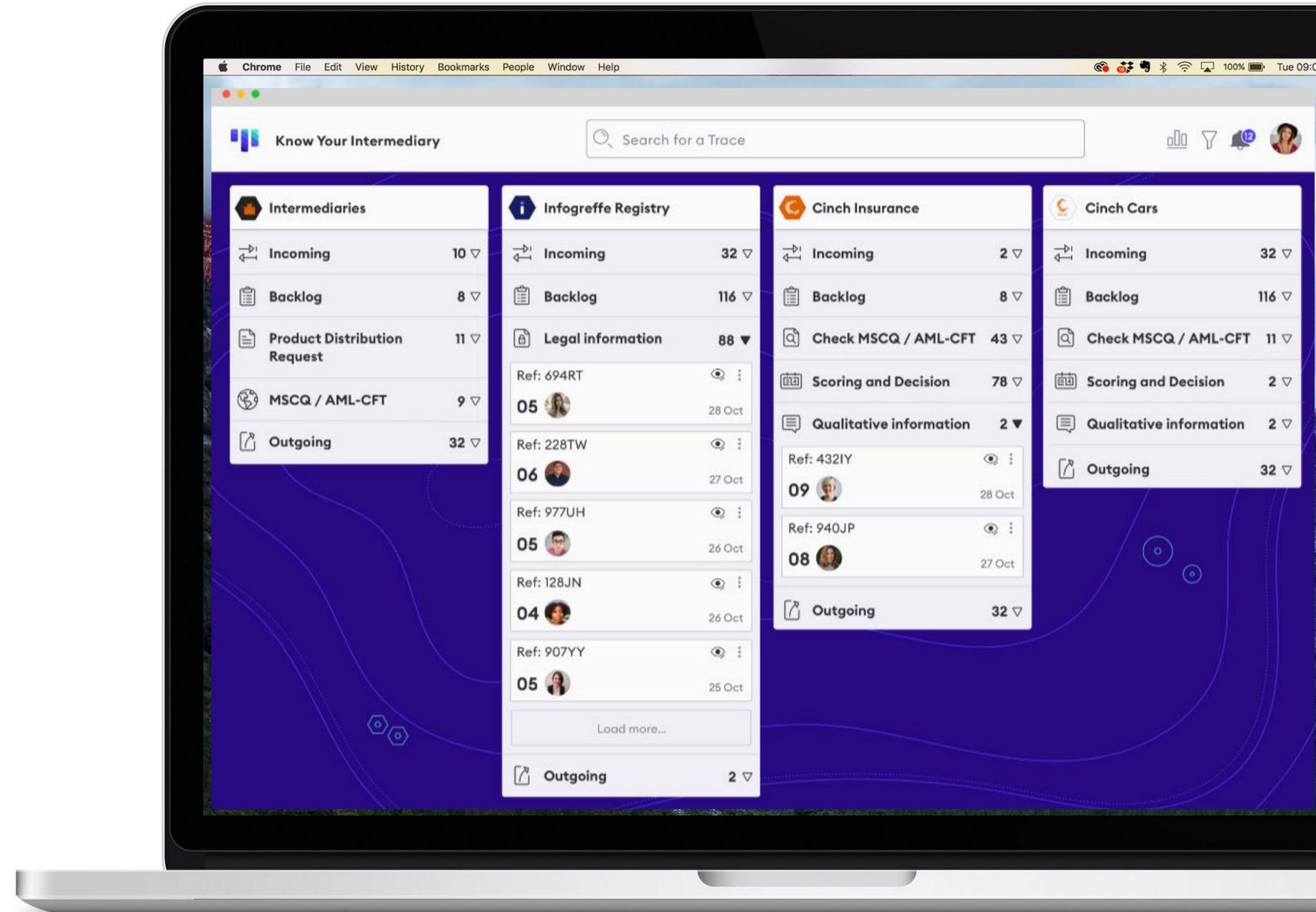ORGANIZATION 1

ORGANIZATION 2

ORGANIZATION 3

Trust Through Shared Process Visibility

A single point of **truth** for all the partners of the process

Real time synchronisation of information between partners

**Confidentiality and privacy** as shared data can be encrypted

Trust Through Process Traceability

End to end traceability of each step in a multi-partner process

Who, What, When, Where and Why of every step is independently verifiable

Partners' accountability as each action is digitally signed and immutable

GDPR compliant with customer consent traceability and contextualisation of the customer request
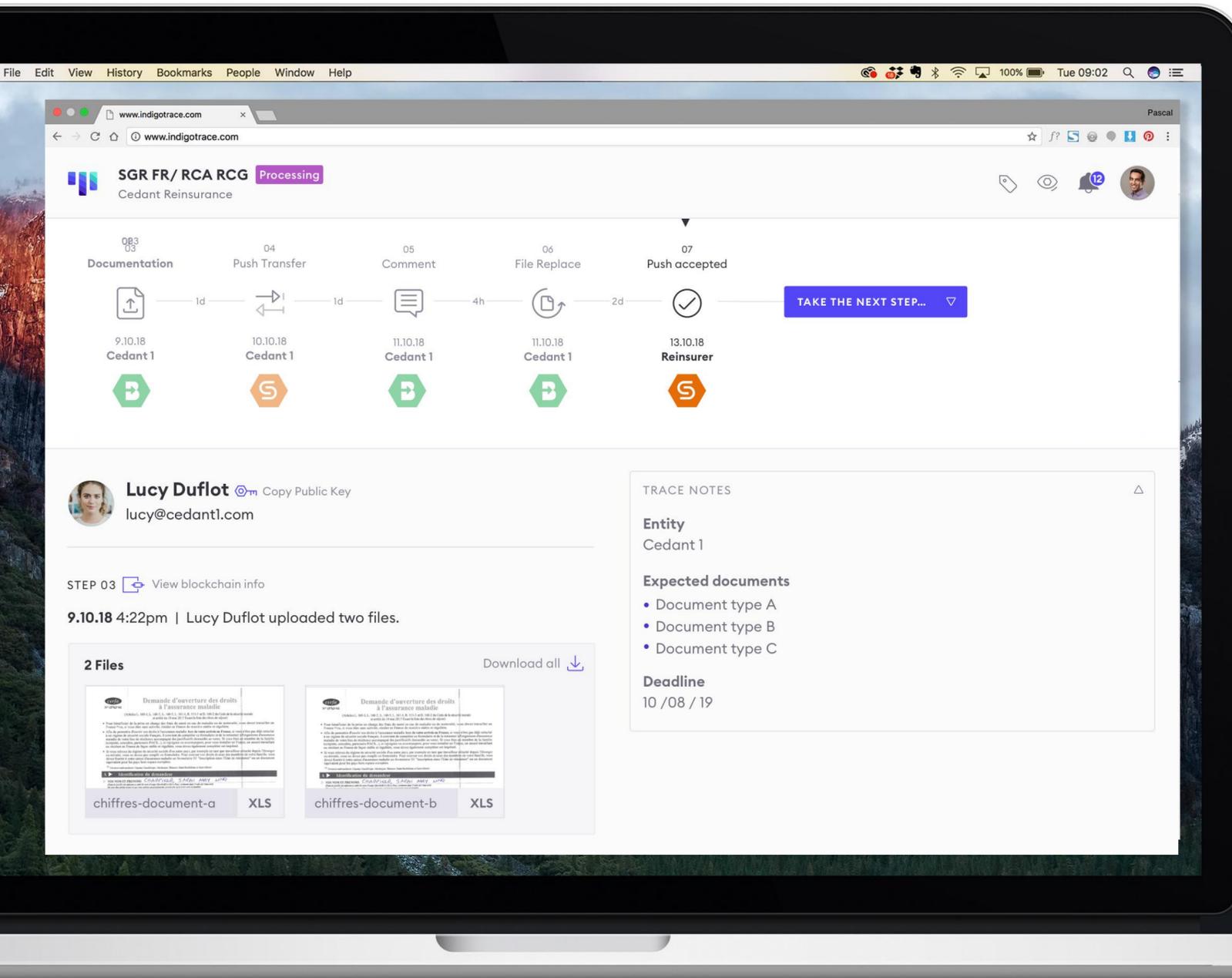
Trust Trough Process Reliability

**Simple process management** with intuitive interfaces to configure your workflows

Process automation to remove repetitive and low value added tasks

Data reliability through API calls with trusted sources of information such as existing applications

Process monitoring in real time to assess partners and actions efficiency
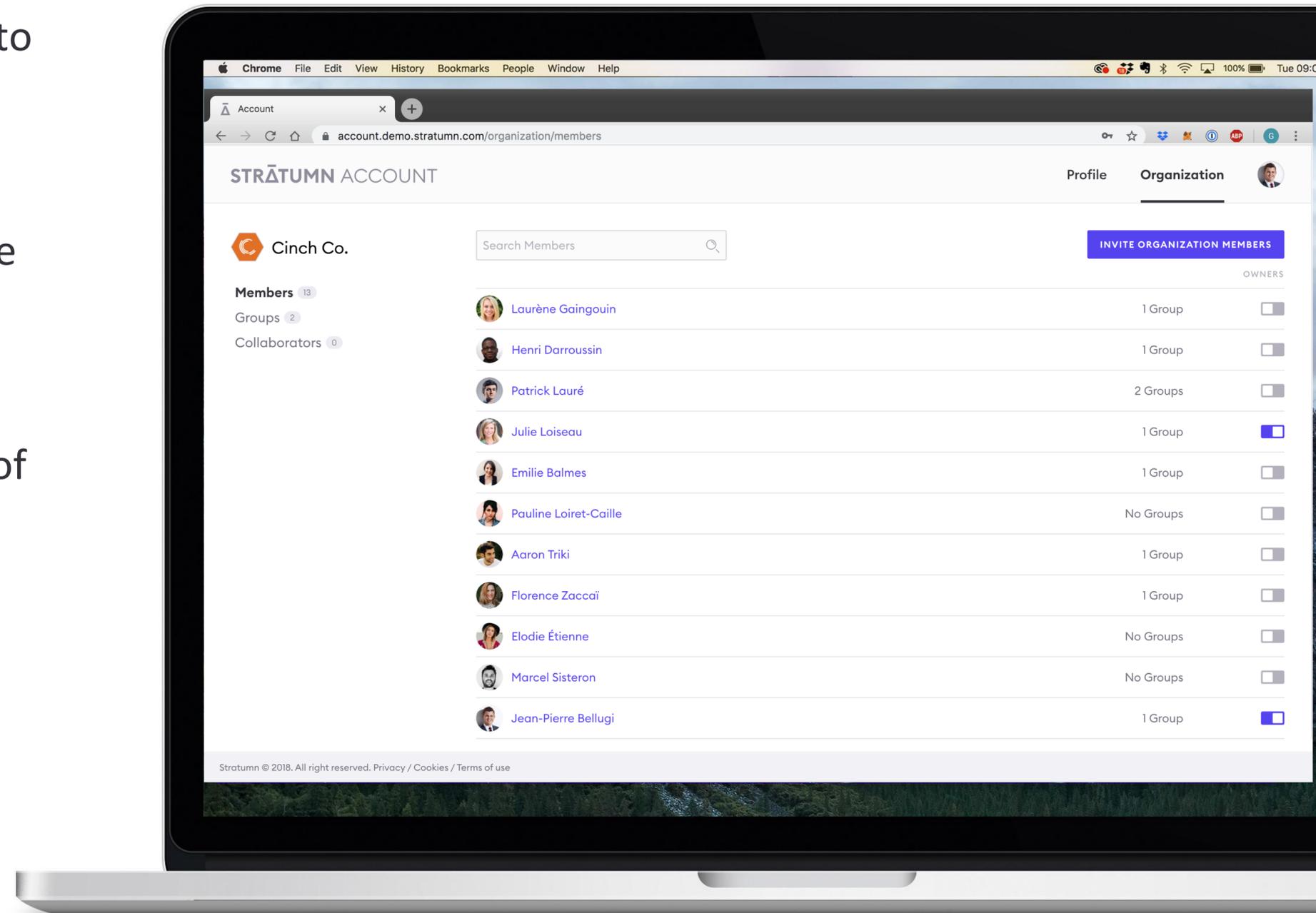
Key Business Value Proposition
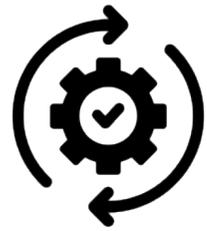
OPERATIONAL EFFICIENCY	AUDIT IN REAL TIME – RISK MITIGATION	SECURITY OF INFORMATION	TIME TO MARKET

- Process digitalisation
- Process automation
- Notification and alerting
- Monitoring and reporting

- Real time end to end traceability
- Digital signatures
- Open source protocol accessible by anyone

- Data encryption
- Immutability of information
- GDPR compliant *(Right to forget, customer consent management, customer request contextualisation)*

- Integrated business logic to manage complex workflows
- Simple connectivity with multiple APIs and SDK
- Data structuration of different data formats

The solution can be used without modifying existing IS

A Configurable Solution

Use cases tackled by the solution are composed of 4 characteristics

№ 1

Multiple
partners

№ 2

Document / data
traceability

№ 3

Sensitive
information

№ 4

Strongly
regulated

4 modules in the Financial Industry

STRATUMN

-

FINANCIAL INDUSTRY

CLAIM AUTOMATION	Mortgage insurance compensation in case of unemployment
UNCLAIMED ACCOUNTS - « LOI ECKERT »	Unclaimed life insurance
TRACEABILITY OF CONSOLIDATED DATA	Technical accounting in reinsurance
KNOW YOUR PARTNERS	Know your intermediaries

Unclaimed life insurance

CHALLENGES

- Costly manual processes with multiple external partners (ie. Detectives, notaries, tax administration, etc.)
- Compliance with regulation (esp. Loi Eckert)
- Lengthy and complex process for beneficiaries

BENEFITS

- Automation of manual processes
- Reduction of delays (flow vs. batch)
- End-to-end visibility on process for all parties
- Proof of compliance

WHY STRATUMN

- Flexible workflow logic with simplified connectivity
- Expertise in secured shared processes
- Traceability of critical / regulated processes

Securing processes shared with external parties involved in the search for beneficiaries of unclaimed insurance policies

10
Parties involved

15^k
Search/ year

10$^€$
Scanning / archiving / processing costs per document

5 **weeks**
Saved per search on average

Unclaimed Life Insurance - Project Overview

Main objective   **Prove to the regulator that all necessary researches have been performed to find unclaimed life insurance beneficiaries**

CONTEXT

- Since the application of the "Loi Eckert" in 2014, The ACPR is **auditing insurance industry players on their process to find beneficiaries** of unclaimed life insurance

- **CNP Assurances does not have the tools to trace** all exchanges of information that they conduct with external partners to search for beneficiaries

- Processes are manly **manual and paper based** for all stakeholders

- **The process for beneficiaries is lengthy and complex**

KEY STAKEHOLDERS

USE CASE OWNER:
- CNP Assurances

BUYER PERSONAE:
- CIO / COO of the BPCE business unit

KEY ACTORS:
- CNP Assurances
- 2 networks of investigators
- ACPR
- Potentially: notaries, public agencies, external database, etc.

Unclaimed Life Insurance – Current process

![eye icon] **OPERATIONAL ISSUES**

- **Lack of traceability** on the process
- Cumbersome process mainly **manual/paper** based
- **Repetitive** process with many back and forth
- **Multiple sources of information** with different IS

BUSINESS CONSEQUENCES

- **Risk of fine** from the regulator
- Important **operating costs** (10€ / exchanged document)
- **Payment delays** for the beneficiaries
- **Lack of trust** between partners
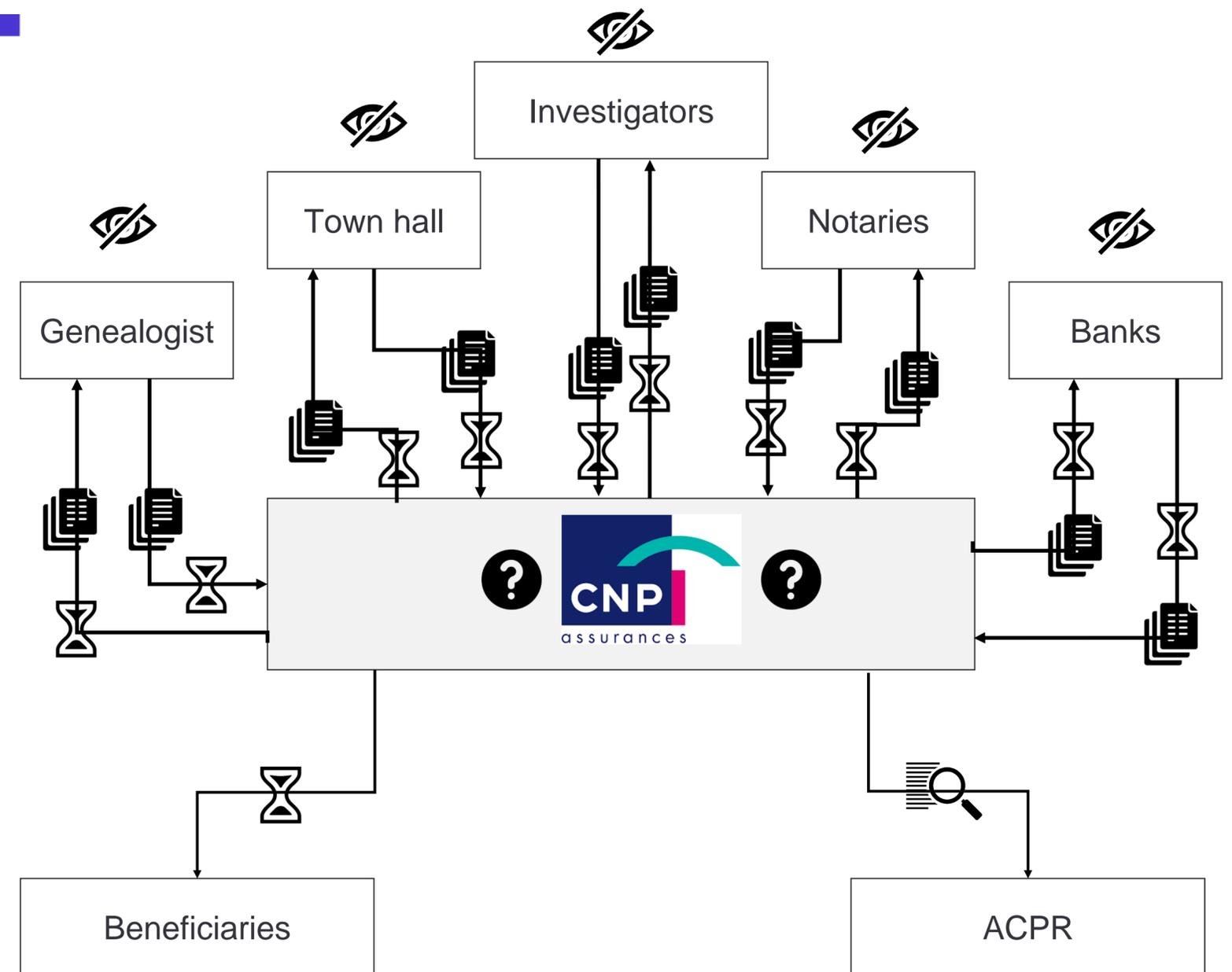
A costly process based on multiple partners that is difficult to trace on an end to end basis

Unclaimed Life Insurance – Solution

OPERATIONAL GAINS

- **Audit trail independently verifiable** by regulators
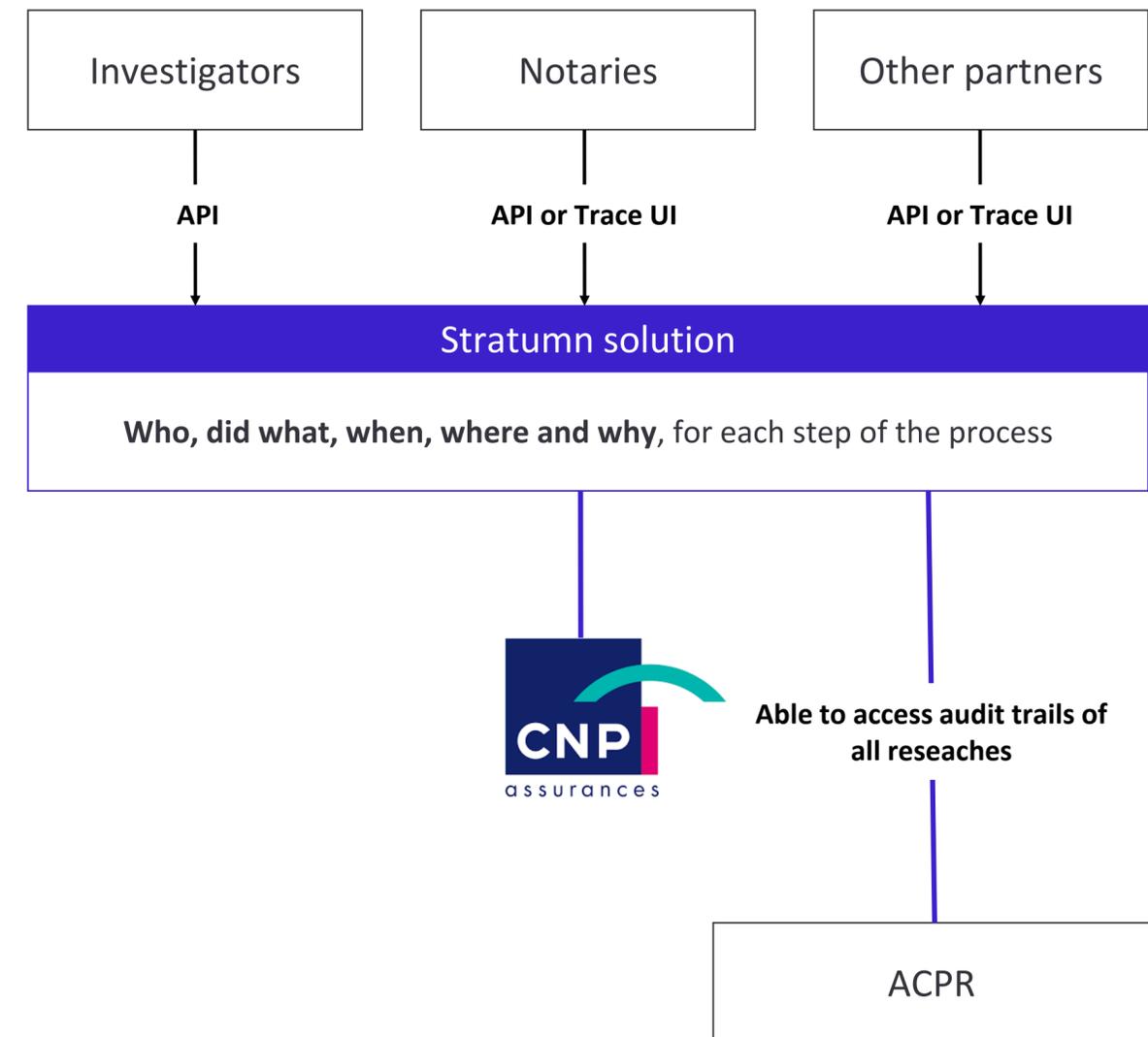
- **Streamlined process**, partly automated

- **Limited back and forth,** due to traceability

- **A single point of truth** for the process

BUSINESS RESULTS

- **Mitigated risk of fine** from the regulator

- Reduced **operating costs –** digitized and automated

- **Decreased processing time** per case (-5 weeks to process 1 case)

- **Trusted process** with multiple partners connected

Investigators	Notaries	Other partners
API	API or Trace UI	API or Trace UI

Stratumn solution

Who, did what, when, where and why, for each step of the process

Able to access audit trails of all reseaches

ACPR

**End to end traceability of a digitized and automated process
to demonstrate all actions performed to find beneficiaries of unclaimed life insurances**

KYI Sharing

BNP PARIBAS CARDIF

CHALLENGES

- Cumbersome administrative process partially performed by non-compliance teams
- Intermediary discontent due to process repetition
- Duplication and desynchronization of information
- Low process traceability on collected information

BENEFITS

- Simplify and secure exchange of KYI information
- Traceability of collected information
- Process optimization thanks to digitalization

WHY STRATUMN

- User-friendly interfaces (apps & analytics)
- Stratumn's Proof of Process to secure process & prove it
- Blockchain & Cryptography expertise

Secure sharing of « Know Your Intermediaries » information between entities

5

Entities of the same Group working with similar intermediaries

30%

Of commercial teams time spent on compliance tasks

KYI - Project Overview

Main objective — **Mutualise costs linked to KYI process between entities of BNP Paribas**

CONTEXT

- In order to sell financial products from BNPP Paribas, an intermediary has to go through **a KYI compliance process**

- The process is **long and cumbersome** (+30 documents to verify, manual and paper based, many back anf forth)

- Despite a "Reliance" principle, BNPP Paribas entities **do not have the tools and the trust to exchange KYI information**

- Therefore, intermediaries have to perform **the KYI process with each entity of BNPP** that they want to deal with

KEY STAKEHOLDERS

USE CASE OWNER:
- BNPP Cardif

BUYER PERSONAE:
- Chief Compliance Officer

KEY ACTORS:
- BNPP Cardif
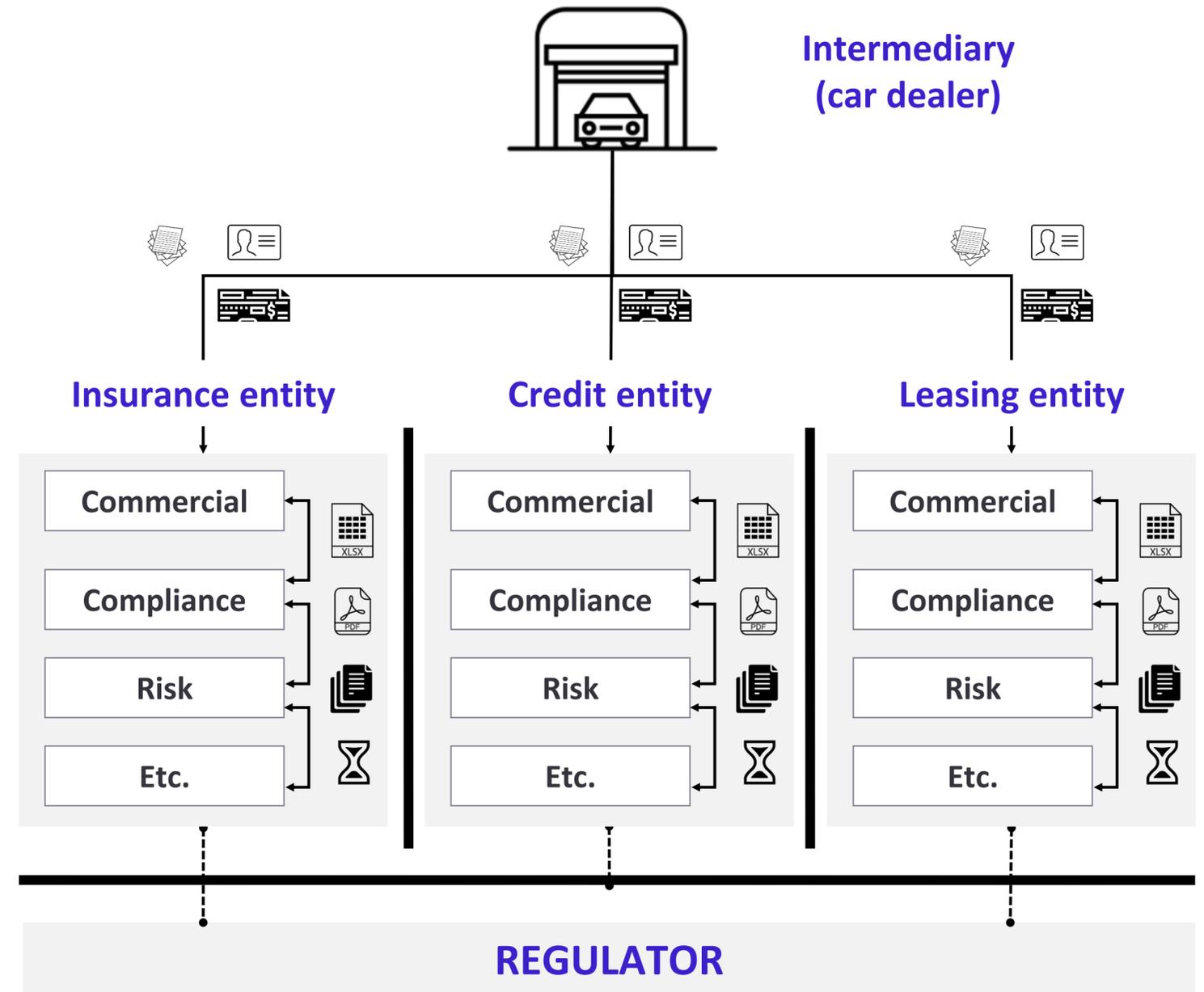- BNPP PF
- Small entities of BNPP Cardif

KYI – Current process

OPERATIONAL ISSUES

- **KYI performed multiple times**

- **Manual and paper based** process with back and forth

- **Lack of traceability** in collected information

- **Unsecured** exchanged of information

BUSINESS CONSEQUENCES

- **Demultiplication** of KYI costs in the Group

- **Unsatisfaction** of intermediaries

- **Risk of fine** from the regulators

- **Time consuming** for operational (30% of sales time spend on compliance processes)

Intermediary (car dealer)

Insurance entity	Credit entity	Leasing entity
Commercial	Commercial	Commercial
Compliance	Compliance	Compliance
Risk	Risk	Risk
Etc.	Etc.	Etc.

REGULATOR

A repeated non-mutualised cumbersome process, non core business, with a lack of traceability leading to unsatisfaction and important costs

KYI – Solution

OPERATIONAL GAINS

- **Digitization and partial automation** of the process
- **Securing** exchange of information
- **End to end traceability** of the process
- **Data confidentiality** through encryption

BUSINESS RESULTS

- **Mutualisation of the KYI costs**
- **Risk mitigation** towards the regulator
- **Intermediary and employee** satisfaction
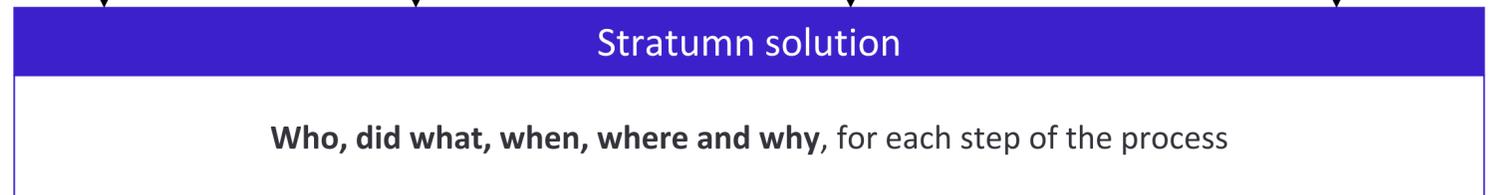- **Sales teams focus** on its core activity

Intermediary

infogreffe

Insurance entity

Other entities

Step 1:
Digital integration of KYI
information partially automated

Step 2:
Certification of
information by the
1st entity

Step 3:
KYI information
securely shared

Stratumn solution

Who, did what, when, where and why, for each step of the process

Step 4:
Access to an audit trail to check the
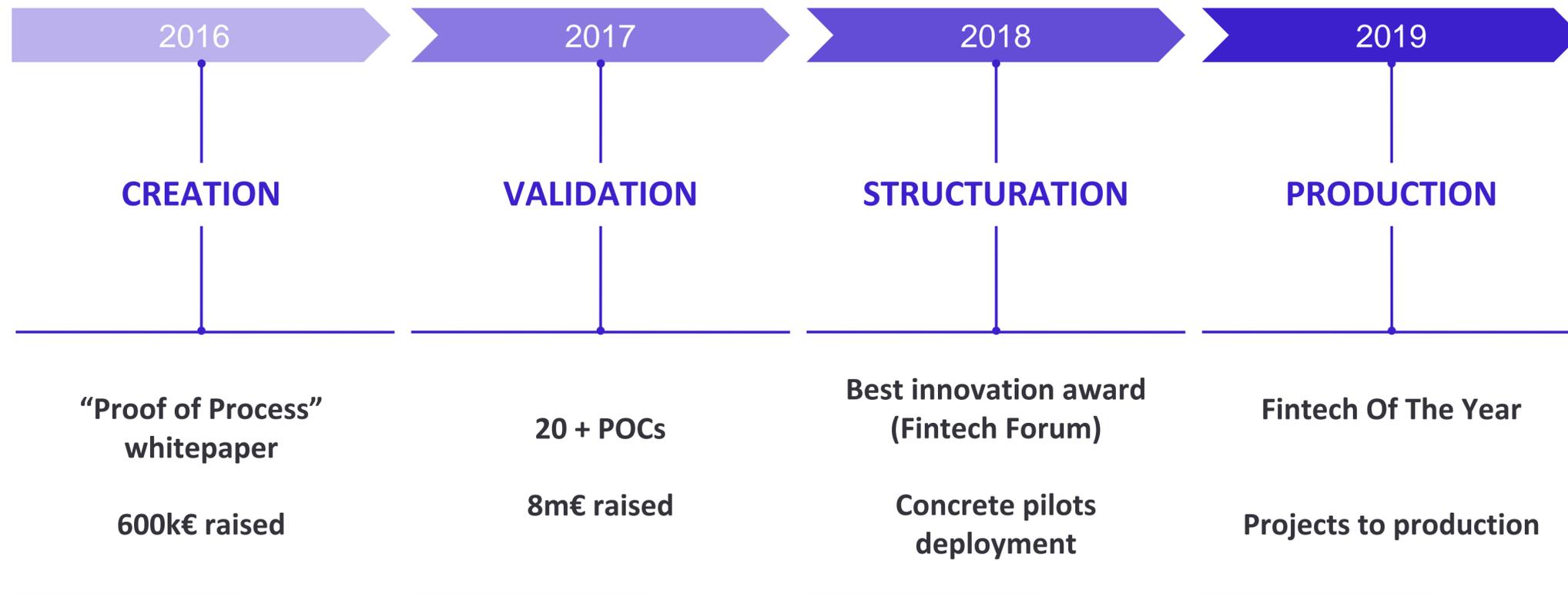process in real time

ACPR

**A trusted mutualized process within the BNPP Group
leading to a strong decrease of costs linked to a compliance process**

Stratumn: A Snapshot

Stratumn is a software company providing a full SaaS solution
to restore trust in processes shared amongst multiple partners

2016	2017	2018	2019
CREATION	**VALIDATION**	**STRUCTURATION**	**PRODUCTION**
"Proof of Process" whitepaper	20 + POCs	Best innovation award (Fintech Forum)	Fintech Of The Year
600k€ raised	8m€ raised	Concrete pilots deployment	Projects to production

- **Team of c.20 people to provide a state of the art solution based in Paris and Genève**

- **Strong shareholding structure**

- **Strong partnerships with the ecosystem**