

- What KYC is?

KYC can be understood as a group of actions that need to be completed, in the financial market, to verify if a user, be it an individual or legal entity, is really who they say they are.

These actions are important to avoid risks like fraud, corruption, money laundering and terrorism financing in operations in banks, financial institutions, insurance companies, credit granting companies, among others.

KYC involves user identification processes and procedures for developing acceptance policies, and identifying and classifying the company's customers into risk levels - low, medium and high. Additionally, it aims finding final beneficiaries and Politically Exposed Persons (PEPs) . Based on this identification, those who pose the greatest risk can be monitored.

Therefore, the goal of KYC is to generate deeper knowledge about the profile of the consumer and the company's customers to guarantee business security and help in the creation of products and services that adhere to the market.

- Sources:

- KYC Brasil: <https://kycbrasil.com/>
- Blog Neoway - KYC: <https://blog.neoway.com.br/kyc>
- Swift - What is KYC?: <https://www.swift.com/your-needs/financial-crime-cyber-security/know-your-customer-kyc/meaning-kyc>
- Serasa Experian: <https://www.serasaexperian.com.br/conteudos/prevencao-a-fraude/entenda-como-os-processos-de-kyc-podem-ser-aplicados-ao-pix/>

- KYC policies for approval or denial

For the purpose of this challenge, three aspects were considered for client denial:

- ID status alongside IRS (Receita Federal) other than 'Regular' or 'Active'.
- The existence of criminal lawsuits.
- The existence of current sanctions.

These conditions are considered for the companies themselves and their representatives and/or owners.

- Risk level classification

For the purpose of this challenge, once approved, the companies were classified following these criteria:

- In case of identification of a PEP, the company is given a C (High) risk level.
- When the age of the company is less than 10 years, a B (Medium) risk level is given.
- When the company is more than 10 years old, it will be given an A (Low) risk level.