



Identity proofing, from chaos and national rules towards European harmonization

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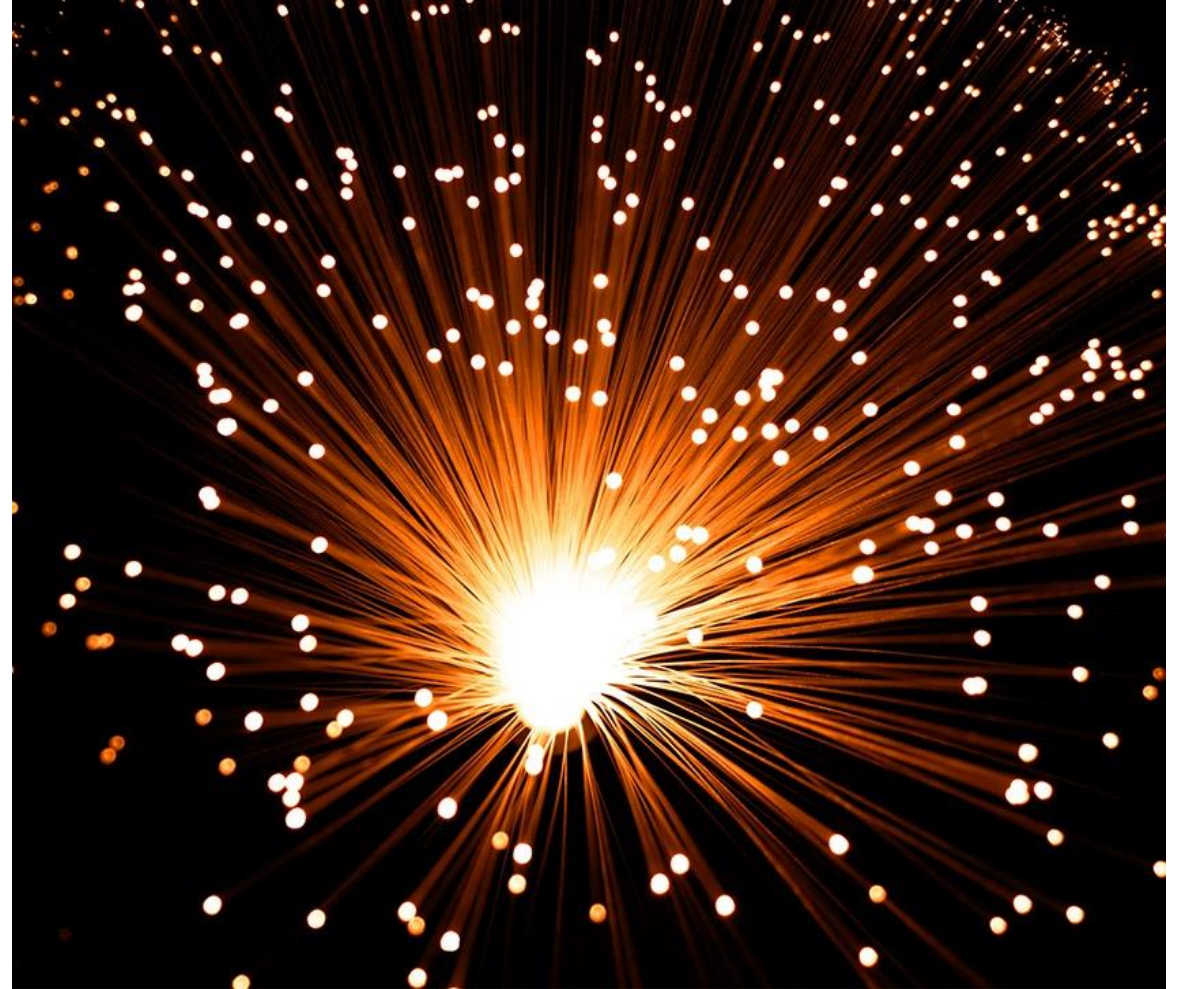
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Let us look at current status of three areas

... and the resulting chaos

1. Financial services according to AMLD5
2. Issuing of eID
3. Issuing of qualified certificates according to the eIDAS Regulation



AMLD5 is a directive

No significant change with AMLD6

- implemented differently in different Member States

AMLD5 Article 13.1(a):

identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source, including, where available, electronic identification means, relevant trust services as set out in *[the eIDAS Regulation]* or any other secure, remote or electronic identification process **regulated, recognised, approved or accepted by the relevant national authorities;**

Example Nordics:

- **Norway requires eID "high" and eID "self-declared" according to national rules**
- Sweden/Denmark/Finland all have only eID "substantial" available, plus uncertain if foreign "eIDAS notified" eIDs can be accepted for financial services in Norway
- => **Norwegian service provider cannot today onboard users from other Nordic countries**



Issuing of eID

... is national and governed by the Member States

No-one issues an eIDAS eID. One issues a **nationally approved eID** that may then be «eIDAS notified» as a cross-border eID for public services

eID approved against national assurance level framework with **national rules for identity proofing**. National frameworks may or may not be aligned with eIDAS assurance levels. **May contain rules for remote identity proofing – or not.**



Issuing of eIDAS qualified certificates

... the infamous eIDAS Article 24.1, four ways of identity proofing

- a) Physical presence
- b) eID means at substantial and high, issued on basis of physical presence
- c) Certificate of qualified electronic signature/seal (issued according to a or b)
- d) **Other means recognised at national level to provide equivalent assurance to physical presence**

Not sufficiently defined to serve as benchmark!
Passport office, bank branch, lottery commissioner,
...? **National rules can apply.**

But the LoA specification (CIR (EU) 2015/1502) does not require physical presence, not even for high

OK – you already got one, and need another

Equivalent to what (see above)?
Some Member States have adopted (different) rules, most have no national rules leaving this space open

ETSI standards for trust services are equally vague in their identity proofing requirements

Moving forward in the finance area

- EU Digital Finance Package launched September 2020:
- Digital Finance Strategy, 4 priorities:
 1. Remove fragmentation in the digital single market
 2. Adapt the EU regulatory framework to facilitate digital innovation
 3. Promote data-driven innovation in finance by establishing a common financial data space
 4. Address the challenges and risks associated with digital transformation

Digital Finance Strategy and KYC (1)

- remove fragmentation in the digital single market by defining a new AML framework **enhancing the financial service providers' ability to authenticate the identity of the customers** and defining by means of **technical standards** of the European Banking Authority **identification and authentication elements for customer on-boarding purposes.**
- By 2024, the EU should implement a **sound legal framework enabling the use of interoperable digital identity solutions** to access financial services based on **more harmonised anti-money laundering (AML)** and a revised eIDAS Regulation. It should **enable customer data to be reused subject to informed customer consent**

Digital Finance Strategy and KYC (2)

- *ensuring greater convergence on the elements related to identification and verification needed for onboarding purposes [...] without the need to apply different processes or comply with additional requirements in each Member State, therefore making it easier to identify customers and check their credentials. [...] this could be done by stating what ID documents are needed to establish a person's identity, and by clarifying which technologies can be used to check ID remotely*

Timeline and likely actions

- **2018-2020: EU expert group on KYC in financial services**
 - Status report on KYC in EU Member States, Study on reuse of KYC information
- **Q3 2021: Publication of European standard**
 - ETSI TS 119 461 Policy and security requirements for identity proofing of trust service subjects (formally scope is only trust services but use for other purposes possible)
- **Q4 2021: EBA draft guidelines on remote onboarding for KYC/AML**
 - Not aligned with ETSI standard but many reviewers recommend such alignment
- **2021-2022: Revision of the eIDAS Regulation on eID and trust services**
- **2024: EU legal framework enabling use of interoperable digital identity solutions (for KYC) building on the revised eIDAS**
 - Allowing reuse of customer data based on user consent
- **2025: AML Regulation (common EU law) to replace AML Directive**
 - Harmonization of identity proofing for AML

Moving forward in trust services

- **Proposal for revised eIDAS changes Article 24.1 (issuing of Q-cert)**
 - Physical presence
 - Notified eID at Substantial or High
 - The notified requirement is unfortunate, please allow conformity assessment in addition
 - Qualified attestation of attribute or certificate of qualified signature/seal
 - Other identification methods that ensure a **high level of confidence** (confirmed by an auditor)

- Commission shall provide an implementing act pointing to specification of identity proofing for «other methods», **should refer to ETSI TS 119 461**
- Update ETSI standards to refer to ETSI TS 119 461

Moving forward in eID

- Less clear, but the eID area is «in play» with the «European digital identity wallet» introduced by proposed revised eIDAS
- **Use ETSI TS 119 461 as basis**
 - Can be used as is for issuing of eID Substantial
 - Extend standard by use cases for eID High (some existing use cases may be applicable?)



Please reach out for questions!

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