

Bank liabilities under a federated digital identity scheme

Connecting Europe Facility project

CEF: Opening a Bank Account Across Borders with an EU National Digital Identity

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Project Scope

Increasing volumes of people are moving to new countries to study, work and live. In 2015 alone, a total of 4.7 million people immigrated to one of the European Union's 28 Member States.

These people need access to local services for government, health and finance. The process of registering for these services can be time consuming and it is likely to require the person to verify their identity using paper based documentation. For example, to open a new bank account customers often have to attend the physical branch to enable the bank to meet the country's regulatory requirements. This is expensive and inconvenient for the customer and the bank. In the U.K. up to 50% of new bank account applications are from customers originally from overseas.



Project Status

CEF User Journey Prototype (Dec 2017)

Pre-discovery report now available [here](#).

Participants:

Barclays, HSBC, Idemia, Orange, GDS

Project Co-ordinator:

Harry Weber-Brown

(c) the following paragraphs 3 and 3a are added:

“3. Member States shall ensure that credit institutions and financial institutions acting as acquirers only accept payments carried out with anonymous prepaid cards issued in third countries where such cards meet requirements equivalent to those set out in paragraphs 1 and 2 of this Article. Member States shall apply this provision as of 6 months after the expiry of the deadline for transposition of this Directive.

3a. Member States may, until 31 December 2018, accept on their territory payments carried out by the anonymous prepaid cards.”;

(4) in Article 13(1) following changes are made:

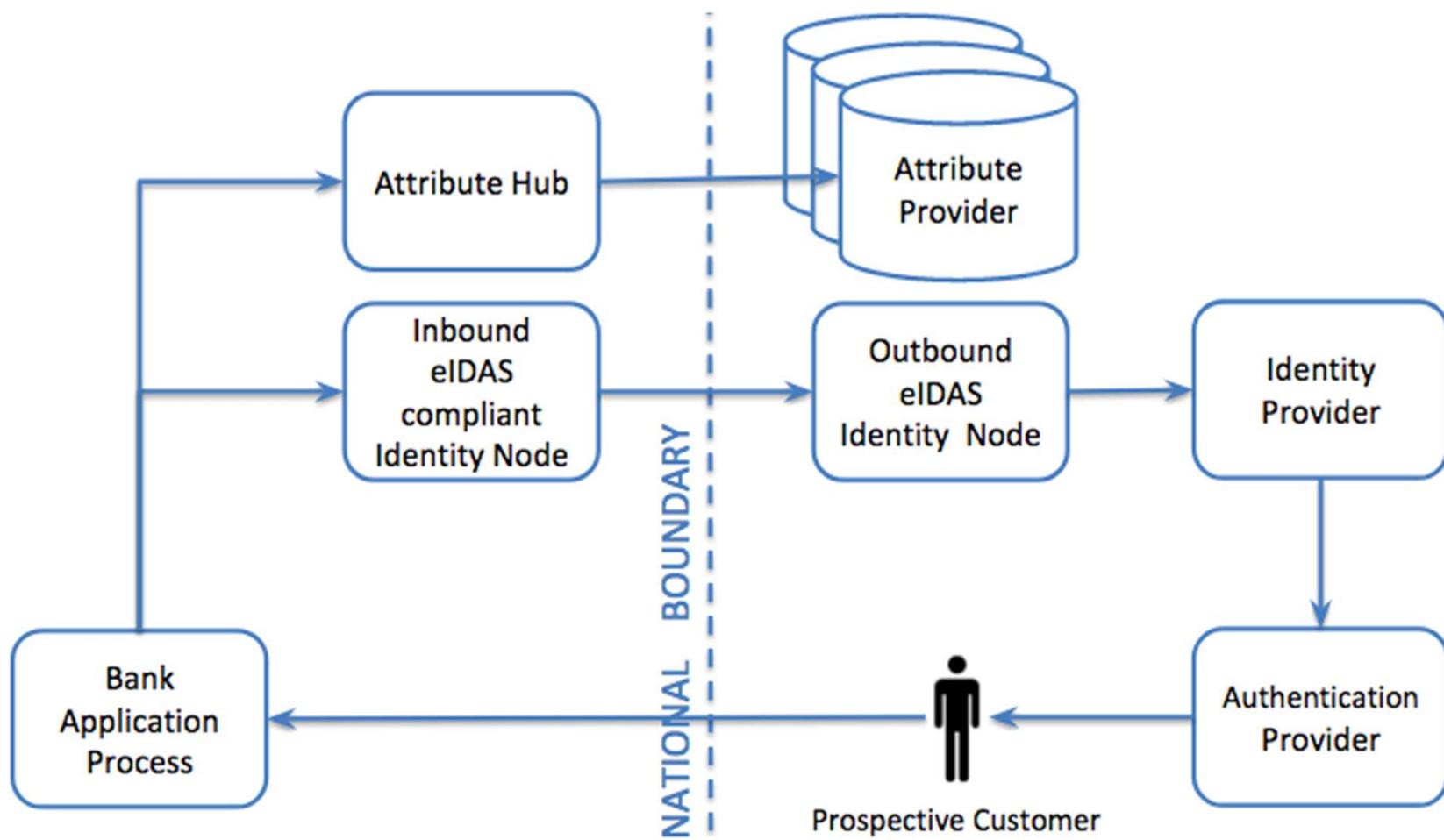
(a) point (a) is replaced by the following:

“(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 Regulation (EU) No 910/2014 or any other secure, remote or electronic, identification process regulated, recognised, approved or accepted by the relevant national authorities;

(b) at the end of point (b), the following sentence is added:

“Where the beneficial owner identified is the senior manager as referred to in Article 3(6) (a) (ii), obliged entities shall take the necessary reasonable measures to verify the identity of the natural person who holds the position of senior managing official and shall keep records of the actions taken as well as any difficulties encountered.”

(5) in Article 14 following changes are made:





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Liabilities under a federated digital identity scheme

Many people raise the subject of liability when discussing adoption of federated digital identity by the financial sector. Banks have many different types of liability which vary from context to context.

The EU funded 'Connecting Europe Facility' project is considering how a digital identity that meets government standards defined under the eIDAS regulation could be used by a bank when opening a bank account. The project team has set out a paper on liabilities and would welcome thoughts and comments on it from industry experts.

If you would be willing and able to review the paper please drop me a message through LinkedIn and I'll send you the paper.

ABOUT THIS GROUP

Open Identity Exchange (OIX) - building trust in online identity. OIX is a non-profit trade organisation of competitors across sectors e.g. the internet, data aggregation, telecommunications and government driving the expansion of existing online ide... [Show more](#)

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Objectives of the paper:

- Clarify bank liabilities regarding identity verification
- Consult widely with stakeholders
- Facilitate discussion at the Brussels expert panel

Request for comments:

- Please request the paper through the [OIX Group on LinkedIn](#)
- Comments by 29th June
- Final paper published 27th July



Risks to a bank when opening an account with a new customer:

- Credit risk
- Fraud risk
- Legal risk
- Operational risk

Bank liabilities ensuing from these risks...

...and how they are managed today

Changes to bank liabilities under the model proposed under CEF for opening a bank account

- **The benefits to banks from the proposed model**
- **The need for digital identities to be linked to other attributes**

Next steps:

- Please request the paper through the [OIX Group on LinkedIn](#)
- Comments by 29th June
- Final paper published 27th July

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