

Study on facilitating new users to access financial services in a fully digital way

A study has been published which explores how new users can access financial services in a fully digital way and how financial institutions can make use of the electronic identity, as understood in the eIDAS regulation, to meet their legal obligations.

Amongst other to avoid money laundering, financial institutions have to meet legal obligations that ensure that the financial institutions know with certainty who their customers are. This especially plays a role in the on-boarding process. On-boarding in the banking sector means a process which precedes entering into a business relationship with a new customer. If the on-boarding process is done electronically and at a distance (e.g. online), it is referred to as digital on-boarding.

This study has identified the current on-boarding practices and best practices from financial institutions. The study found that currently direct reliance on a copy of a government issued document is the common verification mechanism, and a face-to-face meeting is the common collection mechanism. On-boarding processes of financial institutions can benefit from using identification means provided under eIDAS notified schemes.

The digitalisation of the on-boarding process steps allows financial institutions to increase their outreach. Digitalising the verification and collection steps will reduce the burden of potentially error-prone manual process steps. However, it is important to guarantee a high level of assurance regarding the claimed identity and authenticity of the provided documents. The use of eIDAS compliant means can further enhance the portability of verified identity information across Member States.

The analysis performed in the study demonstrates that it is reasonable to conclude that eIDAS compliant means can support the verification steps of the on-boarding processes for the electronic identification of natural and legal persons. The appropriate level of assurance can be selected by the financial institutions, according to their risk management. Also, eIDAS may allow to easily meet the legal obligations in the banking/financial sector, concerning security, know-your-customer, strong authentication of parties and interoperability, e.g. as provided under the 4th Anti-Money Laundering Directive and the 2nd Payment Services Directive (PSD2).

Full study and executive summary

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