BIOMETRICS AND DIGITAL IDENTITY WG

Agenda

1. Welcome and Introduction
2. KYC Whitepaper Conclusion
3. Final Draft RTS for PSD2
4. Identity Proving
5. Additional Topics
6. Conclusion
Biometrics is looking into the use of biometrics in KYC in financial services: what kind of technologies can be used, what use cases there are, architectures, modalities and customer experiences. Security and spoofing is naturally in an important role.
WELCOME!

Please introduce yourself!

• Name
• Company
• Expectations from this meeting
• Additional topics you want to put in discussion?
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Know your customer
Next Generation Identity Verification with Biometrics

- Document Objectives and Contents
- Walkthrough the latest version of the document
- Discuss feedbacks received
- Consolidate feedbacks and conclusion
- Define release date
Document Objectives and Contents

- Provide an overview of what is “Know Your Customer” (or KYC)
- Drivers, regulations and motivations behind
- Relationship with local regulations
- Why Biometrics can support making KYC more effective
- Tools and techniques for using biometrics in KYC processes
- Key aspects for biometric implementation, such as security and privacy.
WHITEPAPER WALKTHROUGH
FEEDBACKS

Document shared with the group in Feb. 27th for feedbacks and discussions

• Provide Legal Guidance regarding these requirements?
• Biometrics implementations suggested too hard to implement (in EU)?
• More focus in privacy as this is a key topic?
• Central storage for identification & authentication VS. local storage for authentication only
• Adding specific discussion about GDPR, PIA and biometrics?
NEXT STEPS AND PROPOSED TIMELINES

- 21/Mar: Mobey Day Rotterdam
- 14/Apr: Document Updates
- 30/Apr: Final round of review
- 03/May: Document Release
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Final Draft RTS on SCA and CSC

- Released in February 23rd, 2017
- Contains the rationale on the feedbacks received, the consolidations of the responses on critical topics and the final draft RTS.
- Next steps – voting at EU parliament
Negative aspects of the previous draft

• Exemptions very limited, especially for remote payments

• Impacts on traditional use cases such as contactless payments and transit

• Risk evaluation was only used for fraud monitoring purposes, not for decision making.

• Usage of “3\textsuperscript{rd} party authenticators” (FIDO, Apple TouchID etc.) was unclear.
FINAL DRAFT RTS

1. Executive Summary
2. Background and Rationale
3. Draft regulatory technical standards on strong customer authentication and common and secure communication under Directive 2015/2366 (PSD2)
4. Accompanying Documents

Document Introduction

Chapter 1. General Provisions
Chapter 2. Security Measures for the Application of Strong Customer Authentication
Chapter 3. Exemptions from Strong Customer Authentication
Chapter 4. Confidentiality and Integrity of the Payment Service User’s Personalized Security Credentials
Chapter 5. Common and Secure Open Standards of Communication
Devices and software linked to elements categorized as inherence

“... the access devices and software shall ensure a very low probability that of an unauthorized party being authenticated as the payer”.

What does it mean in terms of:
- False Acceptance/Rejection rates?
- Presentation attacks?

Should EAB have defined more restrictive rules for such elements?
Usage of 3rd Party Authenticators

Articles 20, 21 and 22 (chapter 4)

Is it clear the position regarding biometric authentication solutions like FIDO, Apple TouchID and Android Fingerprint API?

Should EBA create explicit rules for those mechanisms which are outside the control of the bank, but that are widely used given the convenience they offer?
Exemptions – Chapter 3

- Payment Account Information
- Contactless Payments at PoS
- Transport and Parking fees
- Trusted Beneficiaries and Recurring transactions
- Payments to self
- Low-Value Transactions
- Transaction Risk Analysis

Will these new exemptions support in the promotion of a better user experience while safeguarding consumer security?
Transaction Risk Analysis

Exemption Threshold Value ("ETV")

- Instruction on how to calculate the fraud rates
- Mechanisms and requirements for auditing, monitoring and reporting the rates
- Invalidation and optionality of exemptions
Conclusions
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“AUTHENTICATION IS GETTING EASIER, BUT IDENTITY PROOFING IS GETTING HARDER!".

-- Jeremy Grant, European Payment Summit – March 2017
CHALLENGES IN IDENTITY VERIFICATION
History of authentication

- **Pass** + word i.e. ‘otherwise you cannot pass!’
- Use case: Passing through a restricted area in war time!

Other examples of authentication?
- The existence of witnesses.
  - Use case: birth, marriage, custody etc.
- Birth certificates.
  - Use case: inheritance etc.
- And so on.

Authentication probably started with the beginning of civilizations!
What is Authentication?

- from Greek: αὐθεντικός authentikos, "real, genuine"

- The process of determining if an entity is who she claims to be

- Relies on providing / registering an identity and assigning related levels of authorization

- **It assumes the identification of the individual**
REQUIREMENTS OF IDENTITY PROVING

Relies on the scenario

Different standards/frameworks for Levels of Assurance:

- eIDAS
- ISO29115
- Gov.UK (GPGs)
- NIST SP 800-63
Banks must comply with some rules for consumer identification when opening bank accounts.

- Regional rules, e.g. Europe
- National rules, e.g. Brazil, US, etc.
GENERAL STEPS FOR CONSUMER IDENTIFICATION

Information gathering
CDD Customer Due Diligence
EDD Enhanced Due Diligence
Account Opening
WHAT ARE THE CHALLENGES TO THESE PROCESSES?

- Mobile Onboarding
- Digital Onboarding
- Virtual banks
DISCUSSION

HOW TO PERFORM EFFICIENT AND EFFECTIVE IDENTITY PROVING IN A DIGITAL WORLD?

Virtualize the customer interaction
- Document high res scanning/photo?
- eKYC?
- One-time branch visit?
- Video conferencing?
- How to proper verify identity in this cases?

KYC “on the fly”
- Request information on a need to know basis?
- Impacts on compliance to local AML regulations?
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WHAT SHOULD BE THE NEXT TOPICS TO BE COVERED BY THE BIOMETRICS AND DIGITAL IDENTITY WG?
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Topics discussed in this meeting

• Conclusion of the Biometrics in KYC whitepaper
• EBA’s Final Draft RTS on SCA and CSC
• Identity Proving challenges
THANK YOU!
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