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Digital Client On-boarding in Financial Services

Update FINMA-Circular 2016/7
Video- and Online-Identification

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Get up-to-date on the most important changes

On 18 March 2016 the FINMA Circular 2016/7 “Video and online identification” entered into force. With the circular FINMA enabled financial intermediaries to on-board new customers using video conferencing and online procedures.

According to FINMA, initial experiences in connection with video and online identification have shown that some of the rules are not yet or are no longer optimally suited to financial markets or financial intermediaries. The circular has therefore been amended to take into consideration the feedback as well as the technological changes that have occurred in the interim.

The checklist below provides you a quick glance at the key changes that will be introduced after a transitional period as of 1 January 2020.

Changes in video identification

- **Minimum check of two optical security features to hinder false identification documents (video and online)**
- **Not in every identification the identification documentation has to be compared with an identity document database but only in case of unfamiliarity**
- **A transaction number (TAN) is no longer required, cross-checks and check of identification documents is considered sufficient**
- **New, if the person to be identified occurs to be a higher risk level individual a videoidentification can still be carried out, however consent of the line manager, a superior instance or senior management is required before on-boarding.**

- **Remark: Even though a TAN is no longer required, when establishing beneficial ownership (margin no. 48), a TAN can still be used instead of the Qualified Electronic Signature.**

Changes in online identification

- **Minimum check of two optical security features to hinder false identification documents (video and online)**
- **Not in every identification the identification documentation has to be compared with an identity document database but only in case of unfamiliarity.**
- **Ensure that the contracting party’s photo has been created in the course of the identification process (e.g. by using liveness detection).**

• In the future, not only a Swiss-based bank payments will be accepted in the identification process but also banks in Liechtenstein or foreign banks if they:

- are based in a Financial Action Task Force (FATF) member country¹ provided that the country has been minimum rated partially compliant for customer due diligence, and
- that country has completed the fourth round of mutual evaluation and has an anti-money laundering and combating the financing of terrorism (AML/CFT) system rated as moderate or better under Immediate Outcome 3 (Supervision) and 4 (Preventive measures).

The 6 steps of digital client on-boarding using video identification



¹ FATF members as of July 2018 include 35 countries (that include Western Europe, UK, US, Russia, China, Japan) and 2 regional organisations (Gulf Cooperation council, European Commission).
[http://www.fatf-gafi.org/publications/mutualevaluations/?hf=10&b=0&s=desc\(fatf_releasedate\)](http://www.fatf-gafi.org/publications/mutualevaluations/?hf=10&b=0&s=desc(fatf_releasedate))

PwC contacts

Please contact us if you have any questions related to the topics of anti money laundering, video- and online identification, electronic identities or digital signatures.



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