

REPORT

Delivering digital ID:

why banks need to act – now

nets

TABLE OF CONTENTS

1 Introduction 3

From Industrial to Digital 4

Engaging with the Digital-first Age 6

2 Digital Identity – what's driving change 9

Regulatory Developments 10

The Commercial Imperative 13

Strategic Drivers 17

Trust and Innovation 19

3 Digital ID in action 20

The IDeal solution 20

Authentication – cutting customer dropouts at onboarding 21

Payments – better experiences, smoother transactions, less risk, lower fraud 22

Reducing fraud across the board: Nordic governments and banks in partnership 22

4 Nets – a trusted partner for digital ID infrastructure 25

Roland Eichenauer
Vice President,
Nets eID Solutions
and Business
Development.

"**The time to be digital is now.** Frictionless customer onboarding with digital identity gives a fast, user-friendly and secure journey for the user. Nets offers digital identity solutions and are often approached as a trusted advisor and collaboration partner. With a growing European footprint we are proud to help even more businesses and governments navigating and be ready for the Digital Single Market"

INTRODUCTION



As commerce goes online and governments and regulators gear up for a digital future as part of a wider shift to the digital society, banks must act to deliver secure digital ID solutions for their customers. Failure to do so could see them missing revenue opportunities both in their home markets and across borders, and falling behind more agile digital-first competitors that are emerging from the online revolution.

In this report, we set out the commercial, regulatory and operational drivers that are leading banks around the world to implement digital ID solutions, review the benefits of digital ID at a business and systemic level – and explain why European banks must act now to get on board with the digital agenda by delivering flexible, secure digital ID across their entire service portfolio. Achieving this objective will create transformative opportunities in terms of customer service, new products, new revenue streams and profitability.

From Industrial to Digital

Around the world, society is switching from being driven by industrial production to the use of digital technologies that can deliver more effective outcomes, as we have seen in areas such as medicine, environmental technologies and engineering.

At the same time as the inclusion of digital technology in our lives creates huge opportunities for innovation, new products, and new services, it also brings with it new challenges and risks – not least the difficulty in identifying people and companies online. To provide trust and security for all parties in a digital society, those means of identification which were relied on in the physical world – passports, drivers' licenses, and hand-written signatures, among others – will have to be replaced by digital ID solutions.

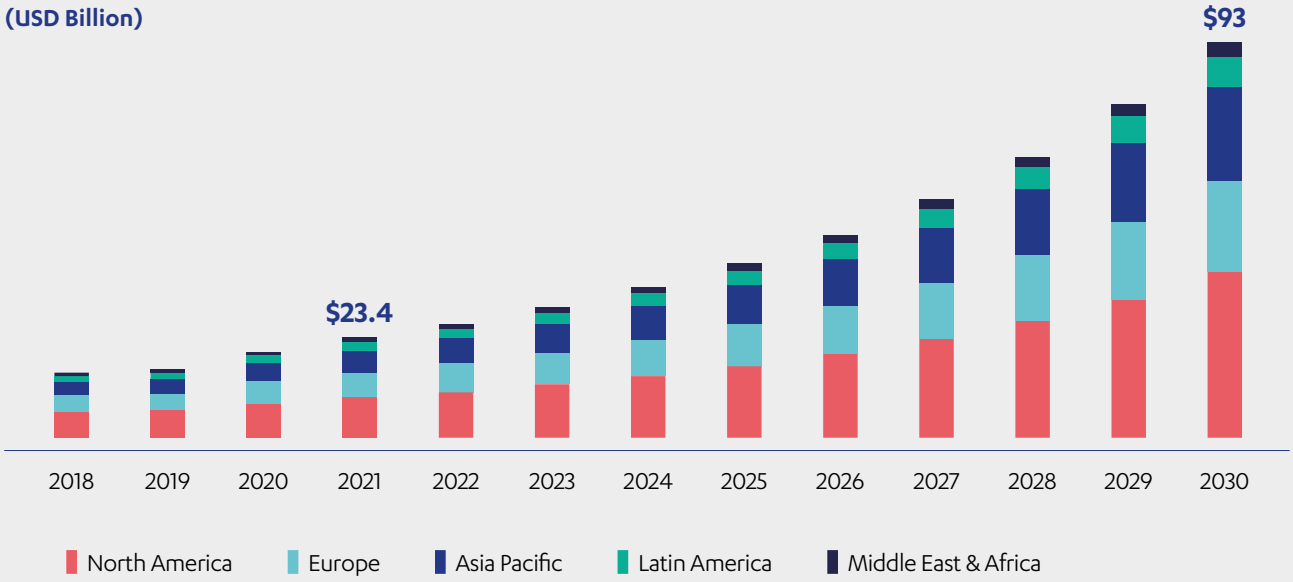
"As society goes digital, new challenges and risks emerge alongside huge opportunities. These challenges include accurately identifying people online."

For decades, banks have acted as trusted custodians of their customers' personal data. With strong Know Your Customer (KYC) procedures, strict regulation, high customer engagement, and best-in-class security and authentication, banks have a unique opportunity to expand their portfolio of services to become brokers of trust in the trust-based digital economy or 'digital trust economy', in which entities – from people and businesses to machines and software – can exchange data in a reliable and trustworthy manner.

One of the best ways for banks to build trust, both online and in the context of the wider economy, is using digital identity solutions. A digital identity may be defined as a secure online collection of verified information about an individual or organization. Digital Identities provide a trusted layer for online transactions, enabling entities such as businesses and governments to confirm the authenticity of the counterparty they are engaging with online and establish confidence in the transaction.

Digital ID – a market set to triple in size this decade

(USD Billion)



Source: Polaris Market Research Analysis

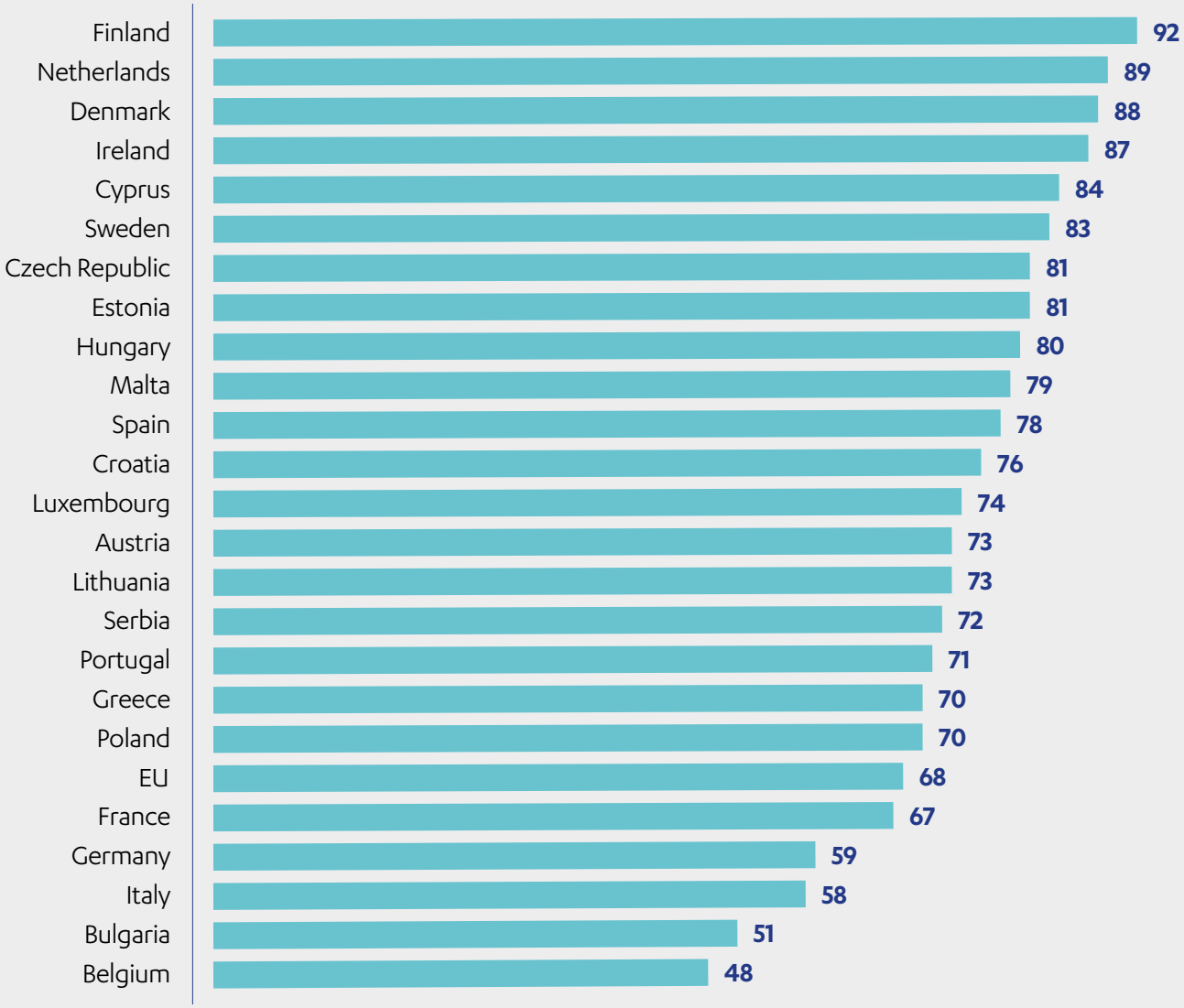
According to Polaris Market Research, the global digital identity market was worth $23.4 billion in 2021 and is set to almost quadruple in size by 2030, reaching a value of $93 billion – a statistic that emphasizes just how central trust is becoming in the digital world. This report considers the digital trust economy from a bank perspective, providing analysis of the current landscape, trends, regulation, opportunities, and risks. Nets has 20+ years of experience in digital identity and status as a leading European provider of digital ID solutions, our goal is to provide banking industry leadership with the knowledge and expertise needed to take a leading position in this new landscape.

Engaging with the Digital-first age

Europe – and the entire world – is going digital, both in business terms, and in terms of the wider conduct of society. In Europe, both governments and citizens are increasingly choosing to operate online.

Europe's digital-savvy populations

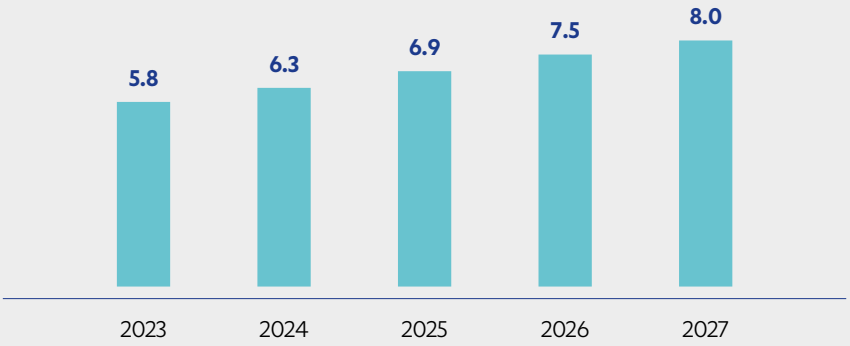
(in percent)



© Copyright Dr. Holger Schmidt | Netzoekonom.de
Source: EU Commission 2023

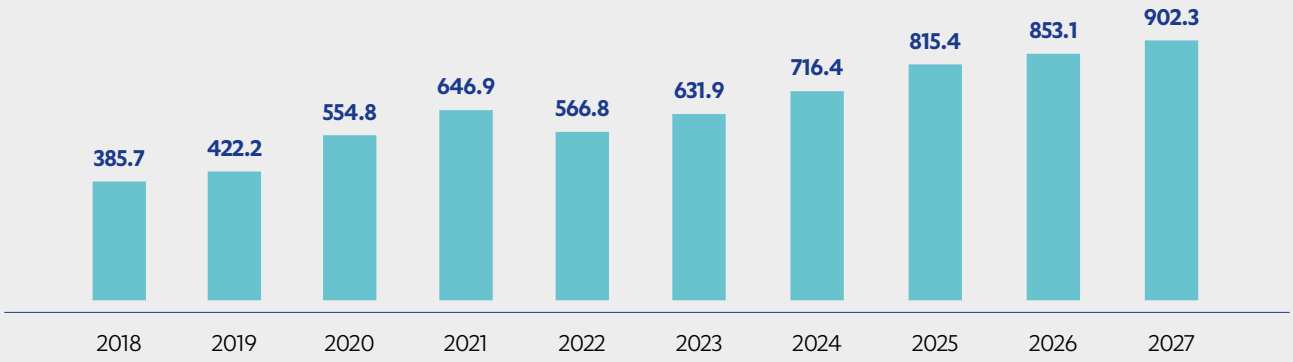
E-commerce, whether conducted via mobile device, desktops, tablets or other means, is growing at around 17% per annum and by 2027 is predicted to reach a global value of more than $8 trillion[1], greater than the entire economic output of India and the UK combined. In Europe, e-commerce is set to grow from $646.92 billion to $900 billion by 2027[2]. In the most advanced markets such as Norway and Sweden, more than 81% of citizens already shop online, while cash use has declined to below 3%[3].

By 2027, consumer e-commerce alone will be bigger than the economies of India and the UK combined
(USD trillion)



Source: eMarketer/Shopify

European e-commerce to hit $900 billion by 2027
(USD billion)



*Forecast
Source: Statista

[1] See The IMARC Group, "Global E-commerce Industry Trends 2023" at: https://www.imarcgroup.com/e-commerce-market

[2] See e-commerceDB, "European e-commerce market to surpass US$900 billion by 2027": https://ecommercedb.com/insights/european-ecommerce-market-worth-us-1-1-trillion-by-2026/3982

[3] See E-Commerce Germany, "Norwegian e-commerce overview": https://ecommercegermany.com/blog/european-ecommerce-overview-norway

Meanwhile, governments are gearing up for a digital decade, aiming to bring access to their services, payments and information online. The European Commission launched DIGITAL in 2021[4], a plan that aims to transform access to public services and information through the internet by 2030, while similar plans exist in markets as diverse as Canada, Singapore and Brazil. Individual European countries are taking rapid action to deliver a fully digital future, with France mandating the digitalization of all public services by 2026, and Germany developing "Smart City" projects that look at how best to take advantage of the digital society for municipalities across the country[5].



The combination of consumer demand and government strategy is driving more business online each year, which in turn necessitates new ways of thinking about online identity that are safe, secure, simple and fast to use. As we'll see, the ever-present and continously increasing threat of ID-related fraud further strengthens the case for reliable digital ID solutions that work both in-person and online.

[4] European Commission, "Digital Strategy": https://digital-strategy.ec.europa.eu/en/activities/digital-programme

[5] See Bundesinstitute fuer Bau-, Stadt und Raumforschung: "Digitale Stadt" at: https://www.bbsr.bund.de/BBSR/DE/themen/digitalisierung/digitale-stadt/_node.html

DIGITAL IDENTITY – WHAT'S DRIVING CHANGE



The data presented above shows how European consumers are shopping online more frequently, and the continent's governments are eager to move to a fully digital society. Digitalization can help ease burdens, reduce costs, and promote cleaner government in the sense of lower environmental impact. Digital public services are on average 74% faster than their in-person equivalents, reduce incentives for bribery, and are 95% cheaper for public institutions to deliver[6].

These trends have created new challenges for banks and their partners, whether that is the public sector, telecom companies, automotive and transport or health sectors – all of which are parties to transactions acquired by banks. Below, we examine the regulatory, commercial, and strategic factors that make the implementation of a flexible digital ID solution a necessity for European banks of all sizes.

The drivers we set out below collectively highlight a shift towards more secure, user-friendly, and compliant digital identity solutions that not only safeguard against threats but also facilitate seamless digital interactions and transactions across various sectors and borders. The future of digital identity will likely continue to evolve, shaped by ongoing technological advancements and the changing global socio-economic landscape.

[6] Inter-American Development Bank, "How Digital Technology Can Deliver Government Services More Effectively": https://blogs.iadb.org/ideas-matter/en/how-digital-technology-can-deliver-government-services-more-cost-effectively/

Regulatory Developments

New regulatory measures aimed at safeguarding consumers and their data, as well as businesses operating online, are being introduced over the next three to five years. The measures listed below are either live or planned for implementation soon – and they all have significant impact on the operations of banks, their clients, and partners. Considered isolated or collectively, these regulations constitute compelling reasons for banks to implement a workable digital ID solution without delay.



The sixth Anti-Money Laundering Directive (AMLD6)

Implemented in June 2021, AMLD6 is part of the EU's ongoing efforts to combat money laundering and terrorist financing. It aims to strengthen existing anti-money laundering (AML) and counter-terrorist financing (CTF) rules in the EU and enhance transparency in financial transactions. This directive has expanded criminal liability for Money Laundering to legal persons, including banks. Where the "lack of supervision or control" by a "directing mind" results in illegal activity, a bank's leaders may receive penalties, even if the root of that illegal activity or the offender remains unknown. The list of offences considered to be financial crimes has expanded under AMLD6, and punishments have become tougher. Among other stipulations, this legislation mandates that banks should be able to identify their customers rapidly at any point – necessitating a comprehensive digital ID solution.

AMLD6 - digital ID scenarios

Digital customer identification



AMLD6 will require regulated entities such as banks and financial institutions to implement digital identification methods for customer onboarding and due diligence processes. Digital ID solutions could include biometric authentication, electronic signatures, and other secure methods.

e-KYC (Know Your Customer)



AMLD6 will encourage the use of electronic Know Your Customer (e-KYC) processes, which leverage digital ID technologies to verify the identity of customers remotely. This could streamline the customer verification process while maintaining strong security measures.

Remote onboarding



The directive allows for remote customer onboarding, where individuals can open accounts and access financial services using their digital identities, reducing the need for in-person visits to branches.

Digital signatures



The directive endorses the use of digital signatures for signing important documents related to financial transactions and customer agreements, ensuring the authenticity of such documents.

Regulatory compliance



AMLD6 will specify standards and requirements for the use of digital ID and electronic identity verification methods to ensure that they meet security and regulatory standards.

Digital Operations Resilience Act (DORA)

To be implemented in January 2025. DORA seeks to protect financial institutions operating in the EU against cyber-attack by extending the responsibility for cyber-security not just to banks themselves, but to their commercial partners and suppliers, such as IT infrastructure providers, foreign entities providing cross-border settlement solutions, and more. Given the scope of this legislation, banks should be looking to implement digital ID solutions that enable secure access to systems and interfaces for their partners and suppliers to avoid complexity and cost once DORA comes into force in eighteen months' time.

Electronic Identification, Authentication and Trust Services (eIDAS) 2.0

In May 2023, the EU announced plans to upgrade its 2014 eIDAS legislation to include a mandate for member states to create and issue a European Digital Identity Wallet that includes a range of functions, including the initiation of payments and enabling access to public services anywhere across the bloc. eIDAS 2.0 mandates that the financial services sector should accept the use of EUDI Wallet for the provision of services where strong customer authentication for online identification is required by national or EU law or by contractual obligation.

As a central element of the EU's digital strategy, this wallet will allow citizens to execute digital signatures on documents anywhere in the EU free of charge and will also enable users to permit access to medical information and professional qualifications.

"Once eIDAS 2.0 is implemented, banks will be required to accept digital wallet transactions that conform to the eIDAS specification – making digital ID a must."

For example, the legislation will allow the "EUDI Wallet" mobile application to have contactless access to external identification credentials. The legislative text is supposed to be passed and have to be adopted sooner than after 2025

In essence, the European Commission is seeking to make cross-border digital ID a reality with eIDAS 2.0. By 2025, every member state must make a digital ID wallet available to all citizens requesting one. With eIDAS 2.0-compliant wallets, banks could seek to acquire new customers across the whole of the EU – some 448 million citizens as of 2023. Opportunities could include loans, new accounts, and mortgages – all powered by a single, secure digital ID solution via the EUDI Wallet. The EU is also considering the possibility of combining their digital ID wallet with a Central Bank Digital Currency (CBDC) payment wallet for payments in digital Euros.

The third payments services directive (PSD3)

Planned for 2027. As the name suggests, PSD3 amends and modernizes 2018's second payments services directive (PSD2), which mandated the use of Strong Customer Authentication (SCA) in online transactions with a value greater than €30. PSD3 also establishes a pan-European Payment Services Regulation (PSR) for the first time, designed to protect customer's rights, mitigate fraud, and set out the responsibilities of payment institutions[7]. Although still under discussion, PSD3 is likely to seek to enhance PSD2's security requirements to provide further consumer protection from fraud, as well as dramatically improving user experience during the payments process, reducing friction, and increasing levels of security and transparency, especially for instant payment transactions through more streamlined authentication. New rules for payment initiation services and account information services will also be introduced.

[7] See The European Commission, 28 June 2023: "Modernising Payment Services and opening financial services data": https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3543

The commercial imperative

> "Up to 85% of all fraud attempts can be traced back to some form of fake identification."
>
> **LexisNexis Risk Solutions**

As mentioned under "Regulatory Developments" above, the PSD2 mandate for escalated authentications using Strong Customer Authentication has introduced higher levels of friction for consumers throughout Europe. This, in turn, has led to consumers dropping out of transactions when faced with long or complex authentication processes – especially when those processes move "out of workflow" to a different app or website. Research from payments integrator Tink claims up to 90% of consumers[8] have abandoned transactions owing to slow or cumbersome authentication processes.

The transaction security protocol 3D Secure, which exchanges more than 100 data points about transactions between merchants and issuing banks to determine the authenticity of a transaction, has helped reduce the number of transactions subject to escalated authentication – as has the introduction of Risk-Based Analysis (RBA) techniques that use transaction information to rate fraud risk. However, neither of these techniques entirely removes the requirement for escalated authentications.

At the same time, fraud attempts related to a customer's identity – such as Account Takeover (ATO) and synthetic ID fraud – have rocketed. In Denmark, our data suggests that 35% of the country's 5.2 million MitID users have been exposed to "phishing" scams which our fraud monitoring and robust security solutions were able to prevent.



[8] The Business Leader, 20 May 2022: "88% of consumers abandon payments with friction": https://www.businessleader.co.uk/new-research-finds-88-of-consumers-abandon-payments-with-friction/

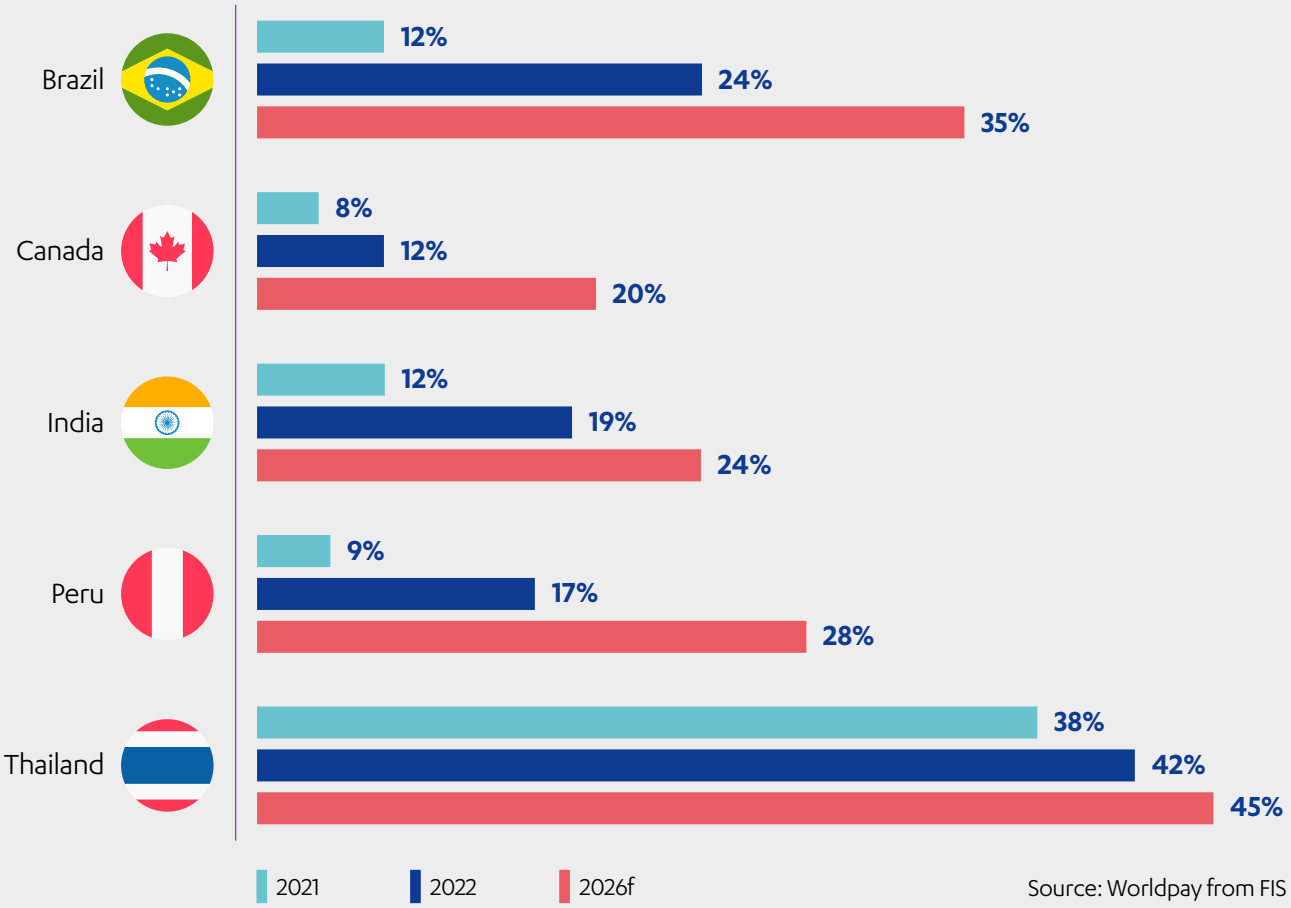
"Experts agree that robust, flexible digital ID solutions are the only way to protect consumers online while keeping friction levels to a minimum."

Such fast-rising fraud rates and high-friction authentication methods discourage consumers from shopping online, putting bank revenues from both their issuing and acquiring operations at risk. Industry experts agree that the only way for banks to ensure protection for consumers and merchants online while keeping friction levels low is to introduce a robust, flexible digital ID solution that provides continuous assurance of a customer's ID throughout the transaction process.

The need for comprehensive digital ID solutions has become more pressing with the introduction of new and highly popular payment types such as account-to-account (A2A) payments and Buy Now, Pay Later (BNPL) options.

Account-to-Account payments online grow around the world

A2A% of e-com transaction value, 2021–2026f



Source: Worldpay from FIS



"Both in BNPL and A2A payments, consumers need to be identified rapidly and with minimum friction."

BNPL has proven popular with consumers because it allows them to increase their purchasing power while spreading payments over three or six months. A2A payments, meanwhile, offer instant transaction and settlement, making them great for paying friends or for workers in the gig economy. In both cases, the ability to rapidly confirm the identity of a consumer is vital. For BNPL, consumers need to be identified quickly to ensure that they are creditworthy, while the instant settlement offered by A2A transactions makes identifying all the parties to a transaction important to avoid disputes.

Consumers increasingly expect banks to offer A2A, BNPL and other payment options – and what is more, they expect fast and smooth experiences when checking out. By verifying consumer identities across the value chain quickly and securely, digital ID solutions help protect bank revenues and enhance customer relationships by enabling banks to offer the new payment options consumers are looking for.

Over the next decade, both the European Central Bank, the Bank of England, Sweden's Riksbank and other entities around the world plan to introduce digital versions of their currencies as Central Bank Digital Currencies, or CBDCs. In the euro area, the plan is to offer a Euro CBDC wallet alongside the EU Digital ID wallet, effectively making it possible for consumers to bring super-fast, secure payments alongside their digital ID (see section on eIDAS 2.0 above).

"Banks should adopt a "whole value chain" approach to digital ID that looks at areas such as onboarding, dispute resolution and consolidated authentication as well as payments."

In this scenario, there is a fantastic opportunity for banks to establish themselves at the forefront of digital innovation by embracing a digital ID solution that is compliant with eIDAS 2.0, linked to a wallet solution capable of handling CBDCs. By making connections like these, banks will position themselves as innovators with their customers and protect themselves from the growing competition we discuss in "strategic drivers" below. Opportunities like these are why we at Nets advise banks to adopt a "whole value chain" approach to digital ID that goes beyond looking at the payments process.

Digital ID benefits every area of the customer experience. For instance, they help to speed up and smoothen the onboarding process: 2022 research into the behaviour of European consumers reported in *UK Tech News*[9] found close to seven in ten (68%) of consumers abandoned the onboarding process because of overly complex identification requirements. When it comes to onboarding, digital ID means more customers signed up and, by extension, greater potential revenue.

"In 2022, 68% of European consumers abandoned onboarding attempts because of overly complex identification requirements."

Dispute resolution is another area in which the presence of a robust, flexible digital ID solution can speed up the dispute process and enable the automation of many aspects of the resolution of disputed transactions.

[9] See UK Tech News, 31 March 2022, "Record numbers of European consumers abandon financial applications during onboarding": https://uktechnews.co.uk/2022/03/31/record-number-of-european-consumers-abandon-financial-applications-during-onboarding/

Strategic Drivers – innovation leads to competition...

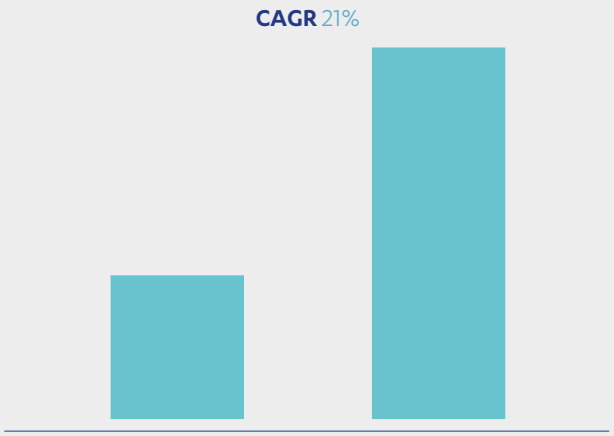
As we have seen above, the introduction of new payment types and new regulations have created new product and services opportunities across the retail banking business. In turn, these opportunities are attracting new, digital-first competitors in almost every segment, from payments to lending, money transfers, mortgages, and insurance.

In the BNPL segment, non-bank financial institutions (NBFIs) such as Klarna and Afterpay have seen stratospheric growth over the last decade, with Klarna securing a pan-European banking licence and announcing plans to open retail banking operations in a range of European countries.

"New, digital-first competitors are emerging across the banking sector, with neobanks set to grow 21% per year through this decade."

Neobanks – the fastest-growing threat to European high-street banking

Market size



Study period	2019–2028
Base year for estimation	2022
Forecast data period	2023–2028
Historical data period	2018–2021
CAGR	21.00%
Market concentration	Medium

Major players

N26 vivid MA FRENCH BANK LUNAR orange bank

Disclaimer: major players sorted in no particular order

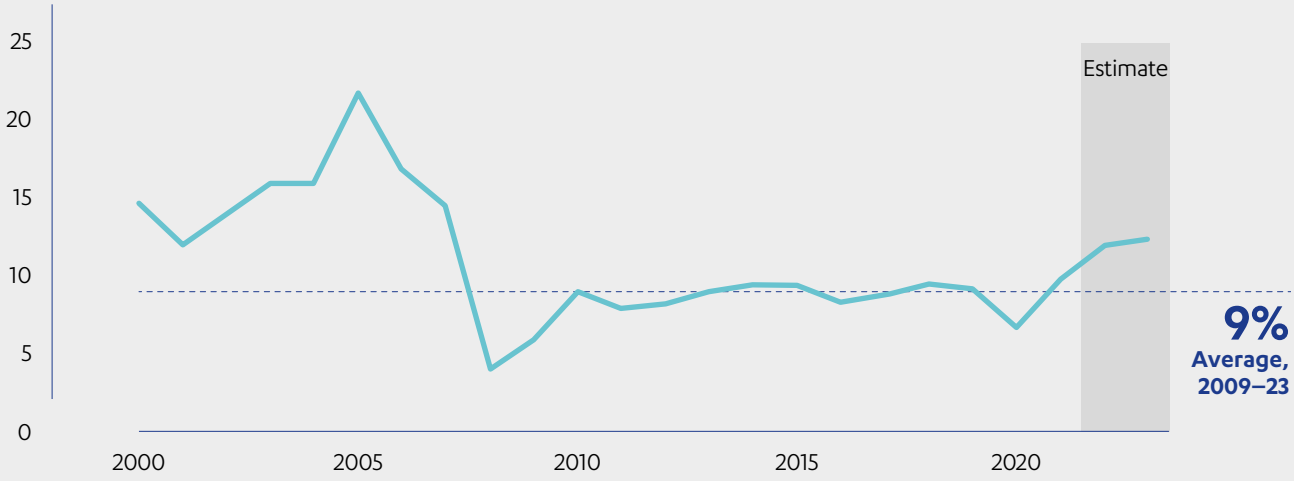
Most obviously, retail banks have also come under threat from so-called "neobanks" such as N26, Revolut and Starling. These banks operate online only, appealing to a younger demographic that has grown up with computers and the internet. According to Mordor Intelligence, Europe's neobanking market is set to grow by 21% year-on-year this decade to reach turnover of $4.66 trillion by 2027[10].

Another significant threat comes from so-called "tech pays" such as Apple Pay, Google Pay and Samsung Pay. By offering payment and banking services to their existing customer base in phones, computers and search services, these tech firms have expanded their payment product portfolios, with Apple Pay launching a credit card in partnership with Goldman Sachs and reporting more than $1 billion invested in its savings product in the first four days of operation[11].

A defining feature of all these competitors is that they are digital-first. By virtue of being new entities, they do not face the same legacy technology and physical infrastructure issues as traditional banks. This has enabled them to introduce innovative products supported with new security measures such as biometric ID at a time when traditional banks are struggling with profitability and revenue growth. According to McKinsey & Co, European retail banks finally recorded an uptick in profitability in 2022, after struggling for more than a decade since the 2007-2008 global financial crisis[12].

After a decade of struggle, bank profitability returns

Return on equity for global banking,[1] %



[1]Based on a global sample of ~1,000 largest banks in terms of assets. Profit after tax over tangible equity.
[2]Profit after tax of financial intermediation industry (excludes insurance manufacturing business), not adjusted for unrealized losses.
Source: S&P Global; McKinsey Panorama

[10]See The European Commission, 28 June 2023: "Modernising Payment Services and opening financial services data": https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3543

[11] Mordor Intelligence, 2023 European Neobanking Market Report: https://www.mordorintelligence.com/industry-reports/europe-neobanking-market

[12]Insurance Post, 31 August 2023, "Synthetic ID fraud is a growing threat": https://www.postonline.co.uk/market-access/claims-fraud/7954083/synthetic-id-fraud-a-growing-threat-to-the-insurance-industry



Trust and Innovation – the banking advantage

"Consumers are four times more likely to trust banks than tech firms. Banks should capitalize on this with comprehensive digital ID solutions across their online estate."

If the new competitive landscape sounds gloomy, then banks retain a significant advantage in terms of their customer base and the trust those customers place in them. New research from Rapyd[13] reveals that consumers in the US and UK are four times more likely to trust their bank with their money than a technology company or new market entrant.

To maintain and build this trust, banks should be looking to deliver innovative services that provide the speed and security consumers are looking for online. The best way to do this is by introducing comprehensive digital ID solution that can be implemented across a bank's entire digital estate.

In the next section, we examine the advantages of digital ID and provide examples of digital ID in action.

[13] Rapyd, 28 August 2023, "Banking SuperApps could transform the landscape": https://www.rapyd.net/resources/reports/deep-dive-superapps/

DIGITAL ID IN ACTION



The IDeal solution...

Earlier in this paper, we established why digital ID will shortly be a necessity for European banks as compliance with regulations such as eIDAS 2.0, DORA and more kick in over the next three years. However, there are several compelling advantages to digital ID from an operational perspective.

"Financial services firms lose out on almost two-thirds of new customer opportunities due to drop-outs at onboarding."

PIF/HooYu

Authentication – cutting customer dropouts at onboarding

When it comes to onboarding new customers, for example, digital ID saves time and reduces the number of new customers who drop out of the onboarding process. In late 2022, industry body the PIF/HooYu reported that more than half of financial institutions' potential customers were dropping out of the onboarding process[14]. In other words, financial services firms were losing out on almost two-thirds of new customer opportunities because of complex authentication requirements at onboarding. By contrast, late 2022 research by ABBYY found[15] that digital ID solutions could increase customer acquisition by 29% and help grow revenue by 26% - what is more, the per-customer cost of investing in digital ID is reduced thanks to the increase seen in customer numbers. These figures help to explain why the Mobey Forum finds[16] that 75% of banks consider onboarding to be the top use case for digital ID.

"75% of banks see onboarding as the key driver to digital ID."

Mobey Forum

The key operational advantages of digital ID for banks

Vastly improved security for customers and bank

- ✓ Fewer fraud attempts, reduced risk of synthetic ID fraud and account takeover (ATO)
- ✓ Smoother customer experience throughout
- ✓ Faster onboarding
- ✓ Ready for the digital future including CBDCs, account-to-account payments and more
- ✓ No need for customers to switch apps/leave workflow to access other services
- ✓ Reduced friction during payment checkout
- ✓ Dispute resolution made easier through faster, better customer ID
- ✓ Consolidate security solutions across digital estate (e.g. mortgages, retail banking, insurance, credit/loans, investment, more)

[14] Rapyd, 28 August 2023, "Banking SuperApps could transform the landscape": https://www.rapyd.net/resources/reports/deep-dive-superapps/

[15] Signicat, 6 May 2022: "The Battle to Onboard 2022": https://www.signicat.com/the-battle-to-onboard-2022/abandonment-to-financial-service-onboarding-over-the-years

[16] Business Wire, 15 November 2022: "90 percent of firms lose customers during onboarding": https://www.businesswire.com/news/home/20221115005637/en/90-of-companies-lose-potential-customers-during-the-digital-onboarding-process-according-to-ABBYY-State-of-Intelligent-Automation-Report-Q4-2022

Payments – better experiences, smoother transactions, less risk, lower fraud

In payments, digital ID solutions offer a range of benefits. Firstly, more transactions will qualify for an exemption from escalated authentication under the EU's PSD2 regulation. This reduces friction at checkout, improves conversions for merchants and helps banks earn more revenue from acquiring – one reason the UK government, among others, specifically mentions reduced payment authentication requests as motivation for a national digital ID scheme[17]. Most importantly, digital ID when applied to e-commerce delivers a better overall customer experience and helps to build customer loyalty: McKinsey report[18] that one in three calls to customer contact centres relate to lost or forgotten passwords or lockouts due to ID issues.

Finally, digital ID solutions can play a vital role in fraud reduction – in the same study cited above, McKinsey estimate that between 3% and 13% of a country's GDP could be unlocked by digital ID solutions that reduce fraud risk while improving onboarding and the customer experience.

Reducing fraud across the board: Nordic governments and banks in partnership

Such systemic benefits help to explain why national governments have been among the first to adopt digital ID solutions. In the Nordics - the region with the most advanced digital societies in Europe – Nets has been active in the development of electronic ID solutions for more than 20 years, working to support electronic and now digital customer journeys in both the public and private sectors.

As a crucial player in the digital ID sector, we have been behind a series of critical digital innovations in the Nordic payments space such as Dankort, BankAxept, Betalingsservice, BankGiro, eFaktura, AvtaleGiro, and of course in the development of digital national identity schemes as MitID (Denmark) and BankID (Norway), which are now used as the basis for social services. We support the digital customer journey for both public and private sector, helping to harmonize them with a single digital ID.

[17] The Green Sheet, 31 January 2023: "Time for banks to leverage digital ID": http://www.greensheet.com/newswire.php?newswire_id=56898

[18] UK government portal, 20 July 2023, "Digital Identity Framework – beta version": https://www.gov.uk/government/publications/uk-digital-identity-and-attributes-trust-framework-beta-version/uk-digital-identity-and-attributes-trust-framework-beta-version

Denmark: MitID for public and private use

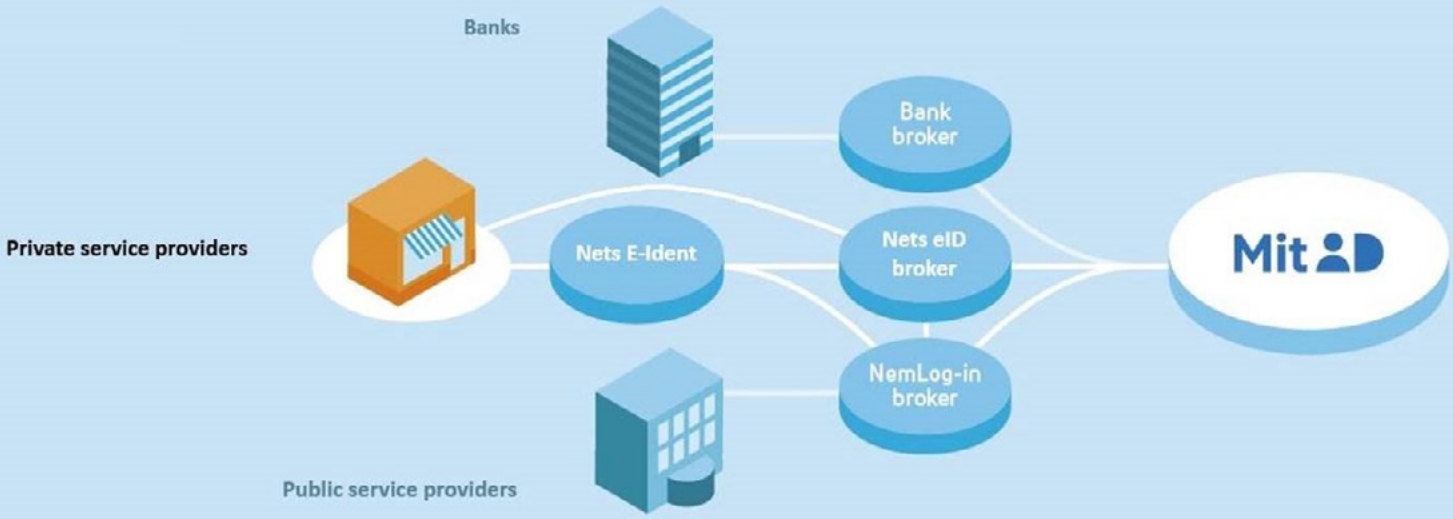
Denmark introduced a third version of its national ID system, MitID, to replace its earlier NemID system in October 2021. Developed by Nets (Nexi Group) in collaboration with Danish banks and the Public Administration, MitID provides a personal key to digital services in the country, including self-service solutions provided by the public sector over the internet, banking, and payments. It is used by 99% of the Danish population 24/7 to apply for childcare, access the tax and healthcare systems and other social services – as well as banking and other private-sector service providers via some 70 banks in Denmark.

When it comes to banking, MitID provides authentication services via tablet, PC, or smartphone, enabling customer authentication and transaction approvals for more than 50% of Danish transactions by volume. Logging into a bank is as simple as pushing a button on the bank website to be taken to MitID, after which login is confirmed with a single swipe of the finger.

The MitID app is downloaded onto the consumer's device, and they scan a QR code or press a button during the payment process. They are then transferred to the MitID app, after which they can approve a transaction with one swipe of a finger on the screen. Customer authentication happens between the MitID app and the merchant website or banking app from which the payment is being requested.

Private companies are able to use MitID for authentication, security and e-signature purposes via a customised login service. MitID can also be used for archiving records and other purposes alongside authentication and verification.

MitID, a unique partnership between public and banking sector.
One single digital ID when accessing any online danish service providers.



Norway: BankID

Like MitID, BankID was developed in partnership between Norwegian banks and the public sector alongside Nets and is now used by around 90% of the population. The system can be used to authenticate transactions, for online ID, as an e-signature for document signing and to enable consumers and businesses to access a wide range of public services. In 2021, BankID was used six billion times by 12 million citizens in Norway and Sweden, or 200 times every second. Consumers and businesses typically access BankID through the BankID app using a personal registration number, a code received from their bank plus a personal password chosen by the consumer.

Offered at no cost to consumers, BankID encourages access to public services and, for the private sector, helps drive the switch to a fully digital economy. Because BankID clearly indicates which service or website is requesting authentication, users feel secure that their personal information is being appropriately used.



NETS – A TRUSTED PARTNER FOR DIGITAL ID INFRASTRUCTURE



Nets has access to the scale, capabilities and proximity required to deliver fully-functioning digital ID solutions for the public and private sectors anywhere on the continent.

Our third-generation modular and flexible digital ID platform offers a foundation for digitalising both financial and public services, including digitalised onboarding, authentication and identity verification, as well as a digital signature facility. Fully compliant with the EU's latest regulatory requirements and standards, our digital ID solutions are built to be scaled and internationalised.

Our solutions can also be white-labelled for branding by our clients in the public or private sectors, including banks and other financial institutions. The capacity to integrate our digital ID solution across multiple platforms for online user authentication delivers a high level of flexibility both for financial institutions themselves and their customers.

Nets – the advantage of experience

Our capabilities include:



First-time identity verification (customer onboarding when opening a bank account)



Authentication – complete solution that supports a wide variety of physical tokens and mobile app



Authorization (when signing documents online or approving payments)



Orchestration layer – Nets digital ID works in concert with other solutions to create a single digital ID and reduce the number of digital ID verification points



Works across any kind of device – not just mobile



Highest security level (LoA High) fully compliant with all EU standards including PSD2, GDPR and more



Fully modular product portfolio: select components required or create a full end-to-end user experience



Achieve full end-user registration and ID verification, authentication at onboarding and during use



Maintain digital ID data and managing authenticator apps



Let’s talk

In a world of very rapid and continuous change, we are committed to listening to our customers and anticipating their needs to deliver best-in-class digital ID services that make a real difference for their end users.

Our compelling and powerful proposition is based on more than 20 years’ experience of electronic and digital ID solutions. With this depth of experience, we have the knowledge and expertise to partner with you on your digitalization journey, helping your bank to stay competitive in the age of digital-first services.

Contact us

For a discussion about how Nets digital ID solutions can transform your operations to deliver faster, smoother, and more secure service for your customers, contact:

Roland Eichenauer
Vice-President of Business Development in Digital ID and eID Solutions, Nets:
Roland.Eichenauer@nexigroup.com

For more information please visit:
https://www.nets.eu/solutions/digitisation-services/Pages/banks.aspx

nets