

Press release

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FINMA allows chip scanning in online identification process

The Swiss Financial Market Supervisory Authority FINMA is adapting due diligence requirements in connection with client onboarding via digital channels to take account of technological developments. Within the range of security measures for identifying persons online, it will now be permitted to scan chips embedded in biometric identity documents.

Two years after the last amendments to the “Video and online identification” Circular, FINMA is further updating the process for initiating client relationships digitally to take the latest technology into consideration. Online identification processes will be further automated to enable companies to offer smooth onboarding for clients. In particular, consideration has been given to the technological possibilities offered by biometric passports. Under the new arrangements, financial intermediaries may dispense with the bank transfer used to identify clients if the requisite data can be read from the chip embedded in biometric identity documents. The changes come into force on 1 June 2021.

FINMA carried out a public consultation ([press release](#)) for the partial revision of the above circular. The possibility of using chip-based data from biometric identity documents was universally welcomed, and many respondents were keen to see further alleviations in the identification process. For that reason, FINMA will in addition allow geolocation to be used as an alternative to confirm the contracting party’s home address. Conversely, FINMA considers automatic video-based identification followed by downstream manual verification by employees (a process known as asynchronous identification) not yet to be sufficiently secure to dispense with additional security mechanisms such as a bank transfer or the newly available chip scanning.