

Circular 2016/7 "Video and online identification" - partial revision

Key points

13 February 2018

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On 18 March 2016, FINMA Circular 2016/7 “Video and online identification” entered into force. Since then, feedback has been received on its application. 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 is therefore being amended to take into consideration the feedback as well as the technological changes that have occurred in the interim.

Video identification

1. No fewer than three randomly selected optical security features contained in the identification documentation should now be verified. This is to ensure reliable identification and hinder the use of false identification documents. Additionally, form-related features such as layout, spelling and font must now be collated with an identity document database.
2. During the identification process, verification of the contracting party using a transaction number (TAN) is no longer required. The identity of the contracting party is ascertained using cross-checks and the verification of identification documents. One exception is when establishing beneficial ownership (margin number 48), where a TAN can still be used instead of the Qualified Electronic Signature.
3. The video identification process may still be carried out despite evidence of a higher risk level. However, the business relationship may be established only after the consent of the line manager, a superior instance or senior management.

Online identification

1. The financial intermediary will compare the identification documentation with an identity document database. They will also check the authenticity of the identification documents using three optical security features, insofar as they are perceptible from the digital image. Additionally, the financial intermediary will ensure that the contracting party’s photo has been created in the course of the identification process (e.g. by using liveness detection).
2. A payment transfer from a Swiss-based bank will no longer be required. Under specific rules, a payment transfer from a bank based in a Financial Action Task Force (FATF) member country will now suffice provided that the relevant country has, in terms of technical compliance, been rated by the FATF as *partially compliant* or better with respect to

the FATF Recommendations on *Customer due diligence* and *Wire transfers*. Additionally, countries that have completed the fourth round of mutual evaluation must have their 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)*.