



eID Applications Cross Border Authentication

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Hon Secretary
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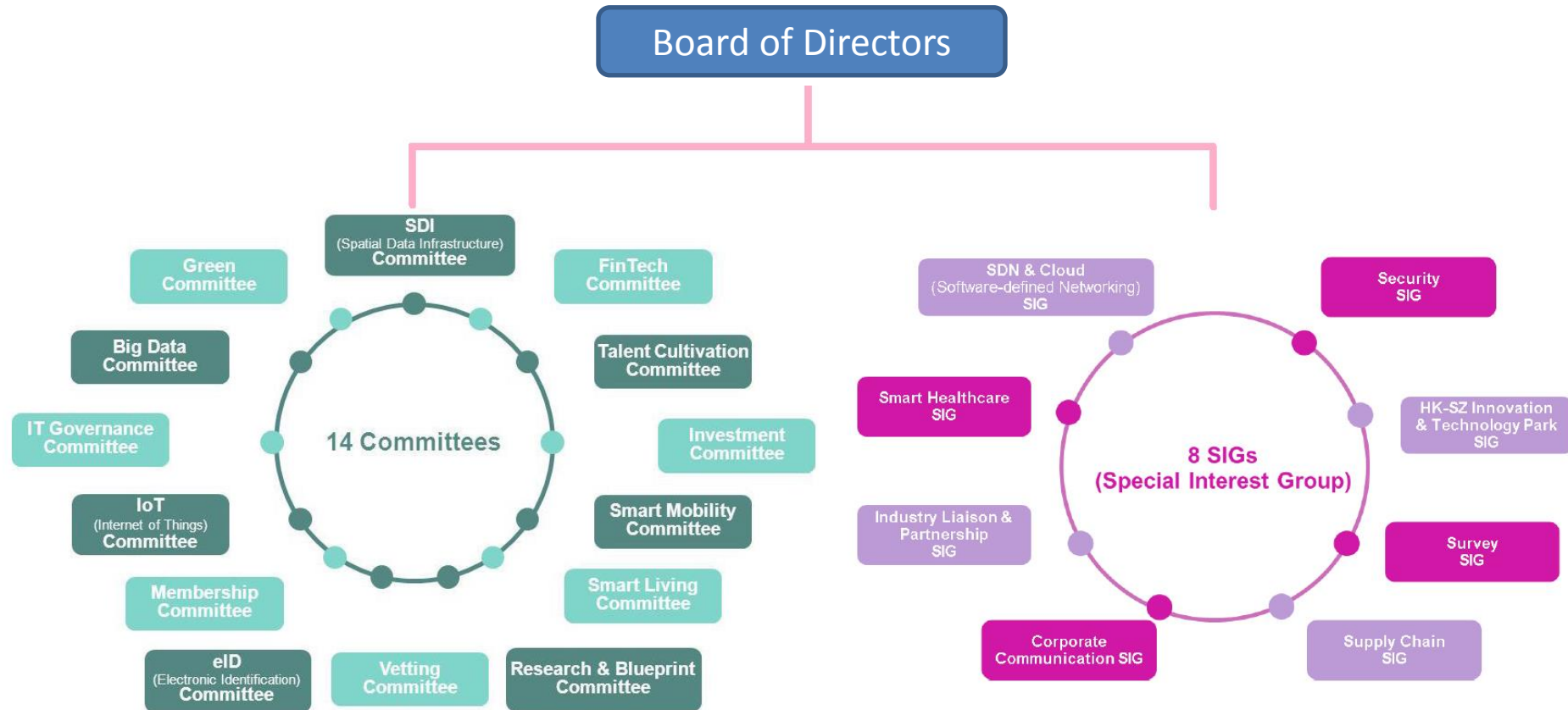
Smart City Consortium Background

What is Smart City Consortium?

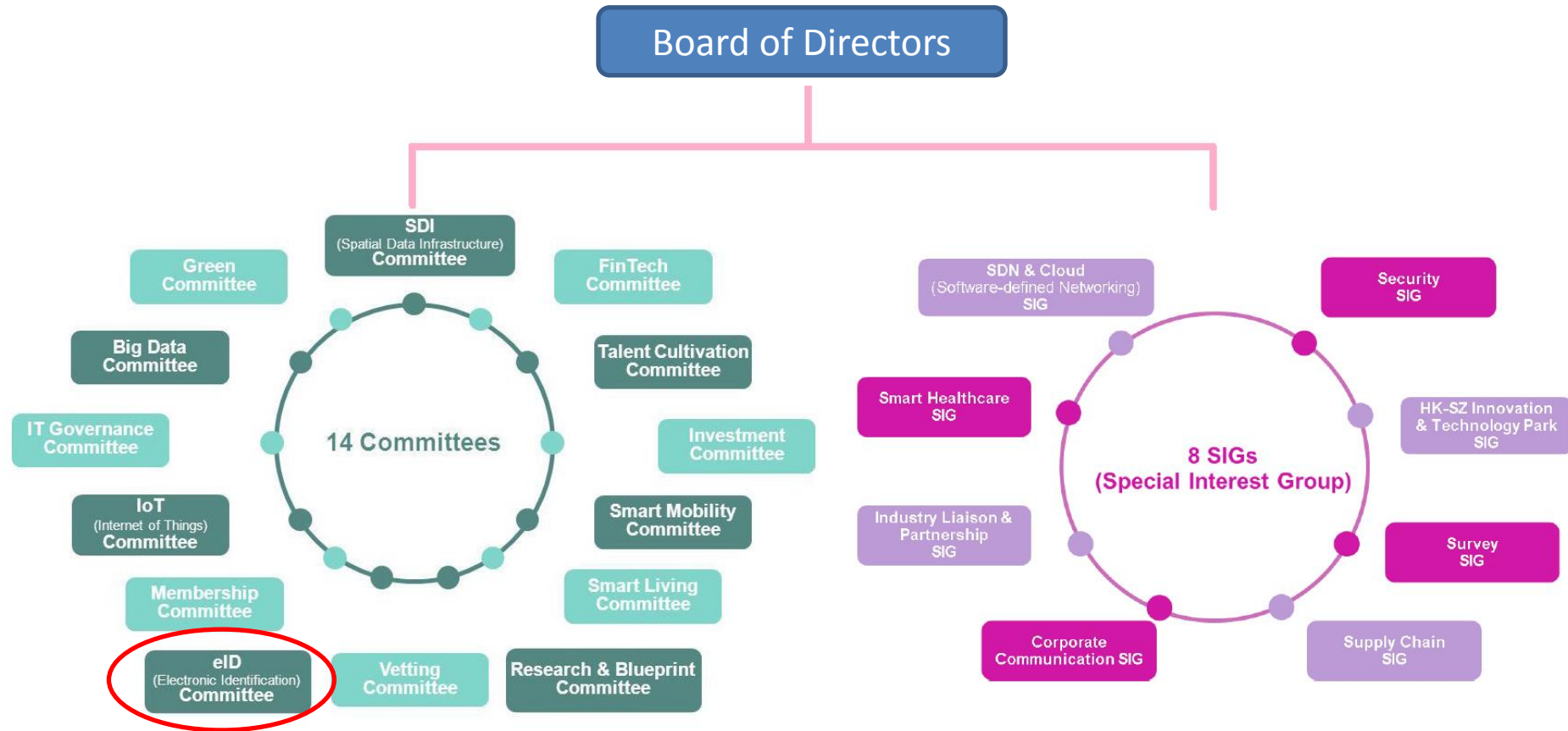


Smart City Consortium (SCC) is formed by a group of professionals from different corporations and organizations to provide opinions and suggestions to the Government for formulating related policies and standards in the development of Hong Kong as a world-class smart city. We encourage worldwide collaboration with different stakeholders to create the right ecosystem which fosters innovation and sustainable economic growth for Hong Kong.

Our Current Area of Focus



Our Current Area of Focus



eID is the Ground for Smart City

Domestic & Cross Border Authentication

China and Hong Kong

eID Authentication MoU Signing Ceremony with The Third Research Institute Of The Ministry of Public Security (26 May 2016)



Events and Activities

Smart City & Smart Identity Under Belt and Road Initiative: Innovative Progress in PKI and Authentication Symposium



**eID Forum –
The Trend of Electronic Identity Development**



**eID Services Providers Signing Ceremony
(08 Nov 2016)**

HKSAR Policy Address at Oct 2017

- Provide an “eID” for all Hong Kong residents so that everybody can use a single digital identity and authentication to conduct government and commercial transactions online. This will foster the development of a new economic service model that place emphasis on direct interface with residents and consumers. It will also provide a key digital infrastructure for smart city development;

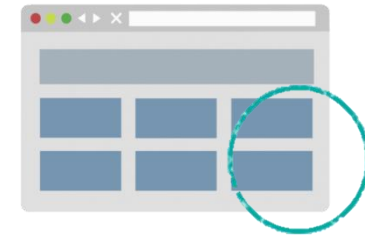
Know Your Customer

Problems for KYC

- Verifying customers identity is costly for organizations
- Organizations need a reliable way to verify self-provided data when onboarding a new customer.
- They must ensure the identity presented is real, that the data points resolve consistently to a single identity
- Some organizations must also verify that the customer is of legal age to purchase or engage with goods and services, or ensure that the customer is in a serviceable area.

E-Know Your Customer (e-KYC)

- The concept of e-KYC refers to **identifying your customers with personal information** while maintaining **individual privacy**
- Customers can **opt in or opt out** to share their personal information with a registered service providers
- The e-KYC service has the potential to revolutionize service delivery in the public and private sector, and drive innovation in the market.



- **Paperless**
 - The service is fully electronic, and document management can be eliminated.
- **Consent based**
 - The KYC data can only be provided upon authorization by the resident through professional authentication body, thus protecting resident privacy.
- **Eliminates Document Forgery**
 - Elimination of photocopies of various documents that are currently stored in premises of various stakeholders reduces the risk of identity fraud and protects resident identity. In addition, since the e-KYC data is provided directly by UIDAI, there is no risk of forged documents.
- **Inclusive**
 - The fully paperless, electronic, low-cost aspects of e-KYC make it more inclusive, enabling financial inclusion.

- **Secure and compliant with the Electronic Transactions Ordinance (ETO)**
 - Both end-points of the data transfer are secured through the use of encryption and digital signature as per the ETO, making e-KYC document legally equivalent to paper documents. In addition, the use of encryption and digital signature ensures that no unauthorized parties in the middle can tamper or steal the data.
- **Non- repudiate**
 - The use of resident authentication for authorization, the affixing of a digital signature by the service provider originating the e-KYC request, and the affixing of a digital signature when providing the e-KYC data makes the entire transaction non-repudiate by all parties involved.
- **Low cost**
 - Elimination of paper verification, movement, and storage reduces the cost of KYC to a fraction of what it is today.

- **Instantaneous**
 - The service is fully automated, and KYC data is furnished in realtime, without any manual intervention.
- **Machine Readable**
 - Digitally signed electronic KYC data provided is machine readable, making it possible for the service provider to directly store it as the customer record in their database for purposes of service, audit, etc. without human intervention making the process low cost and error free.
- **Regulation friendly**
 - The service providers can provide a portal to the Regulator for auditing all e-KYC requests. The Regulator can establish rules for secure retention of e-KYC data (eg. storage method, period of storage, and retrieval among other things).

Cross Border Authentication between PRC and HK SAR

Legal Binding

Mutual Recognition of Electronic Signature Certificates issued by Hong Kong and Guangdong

- On 29 July 2008, the Mainland of China and Hong Kong signed the Supplement V to the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"). Pilot Applications of Mutual Recognition of Electronic Signature Certificates Issued by Hong Kong and Guangdong ("Pilot Measure") is one of the facilitation measures proposed under the supplement and for early and pilot implementation in Guangdong Province as well.

24 Oct 2016 SFC Circular



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Circular

24 October 2016

Advisory circular to intermediaries

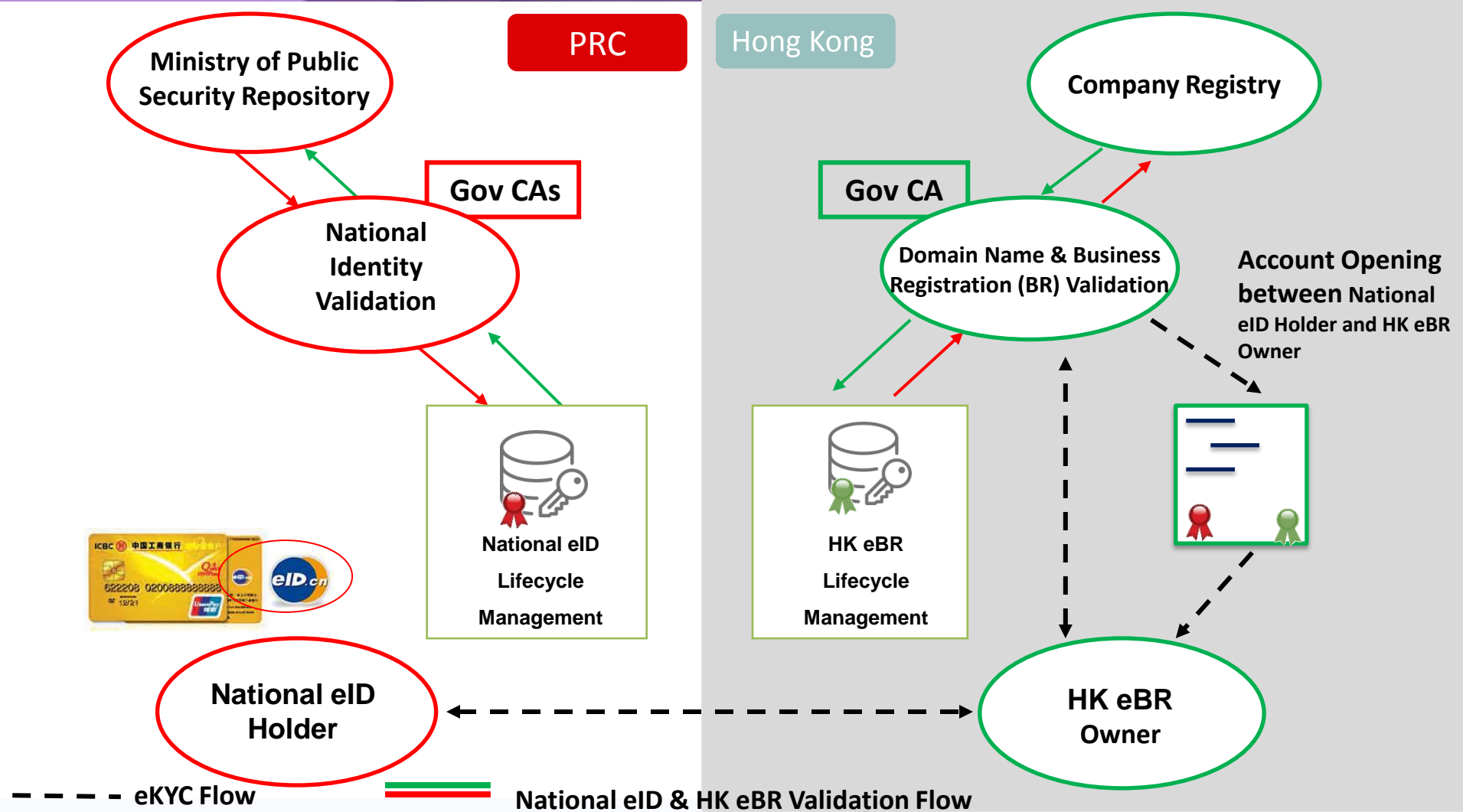
Client identity verification in account opening process

Further to the circular concerning know your client and account opening procedures issued by the Securities and Futures Commission ("SFC") on 12 May 2015¹, the SFC is issuing this advisory circular to provide more guidance to the industry for compliance with the regulatory requirements on account opening.

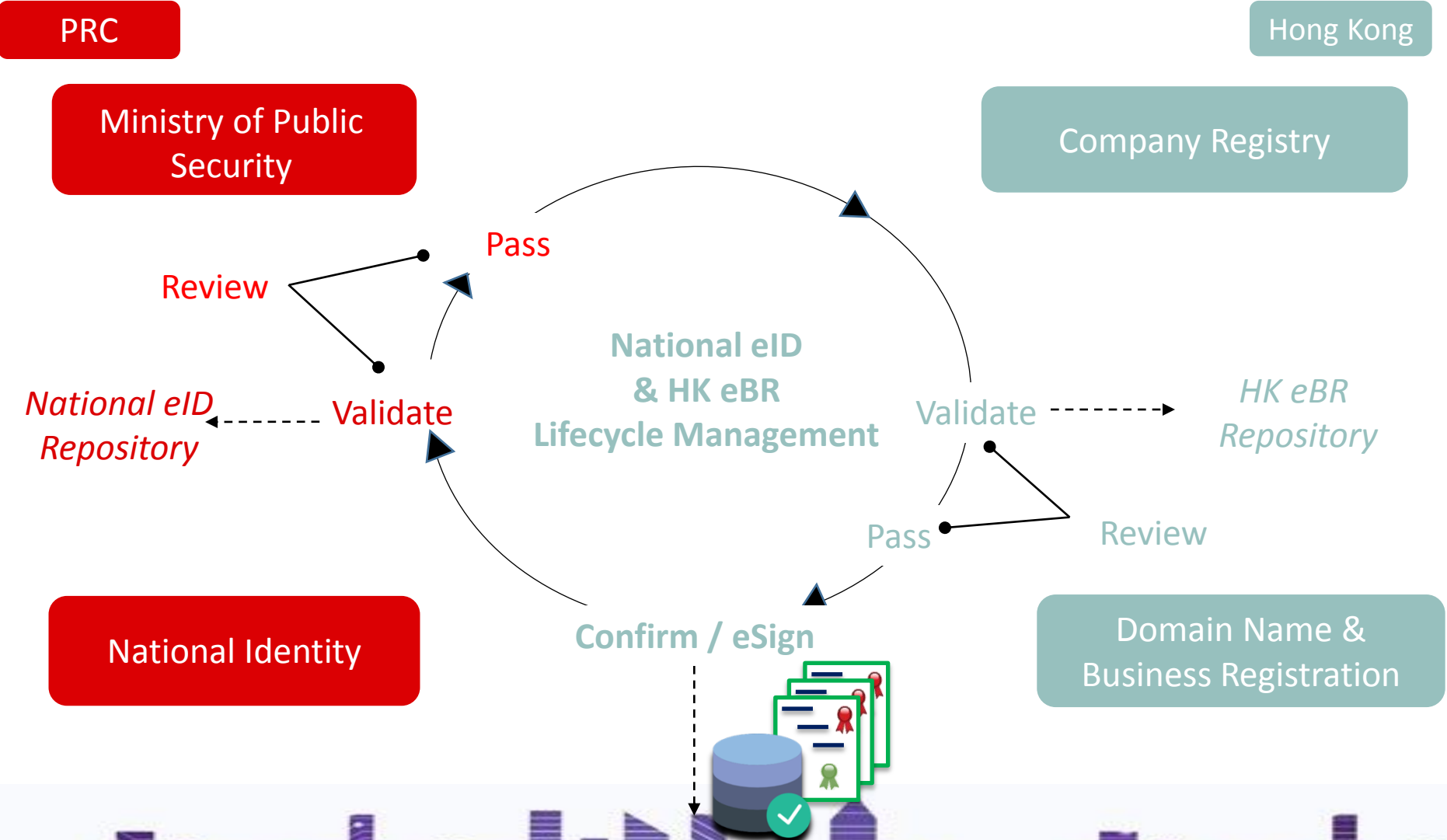
Importance of client identity verification in the account opening process

Client identity verification is an essential element of an effective customer due diligence process which intermediaries need to put in place to guard against reputational, operational, legal and financial risks. Effective client identity verification procedures are also necessary to protect investors and maintain the integrity of the markets by preventing securities fraud, market abuse and illegal use of the securities industry. Since intermediaries could be used as channels to launder criminal proceeds and to finance terrorism, the SFC requires intermediaries to implement effective anti-money laundering measures including proper customer due diligence to prevent and detect these criminal activities².

Non Face-to-Face Authentication



National eID & HK eBR Validation Platform



National eID & HK eBR Lifecycle Management

1

Simplify Communication

- ✓ Accessible in Mobile Apps
- ✓ Guarantee Information Accuracy
- ✓ Maintain Trust Anchor with 2 White List (Ministry of Public Security & CR)

2

Technology & Infrastructure

- ✓ An proven HK ICT Award Winning Innovation Product
- ✓ Secure Closed-loop design
- ✓ International Real Time (OCSP) Validation standard

3

Legal Governance

- ✓ Mutual Recognition Under CEPA Arrangement
- ✓ Contracts Legally Enforceable
- ✓ Support ETO Anti-Money Laundering Know Your Customer Compliance

4

Privacy & Transparency

- ✓ eBR Issued Trustmark License
- ✓ Enforce third-party audit for data protection and security
- ✓ Accessible Open Data fostering business marketplace



Super Connector

- Best Practices for legal binding Cross Border online transactions
- Bridging Mainland China and global markets in the cyberspace
- Hong Kong is a good platform to provide professional services

THANK YOU!

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