

eBook

5 trends shaping Identity & Access Management for financial supervision

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Building a future we can all trust

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The world of financial supervision is transforming

There have been major changes in recent years that affected the traditional supervisory model, for multiple reasons. Processes have become more thorough, engagement with supervised firms has increased and the supervision process has become increasingly digital.

On top of these changes, regulations such as Open Banking and PSD2 have opened up the financial market to new parties, resulting in a more diverse financial landscape to supervise.

The rapid development of technology has enabled more new players to enter the market, offering financial products and services that differ from traditional banking products. Consumers adapted, forcing incumbent players to respond and modernize their offering as well.

How should supervisors respond to these developments? A robust, modern Identity and Access Management (IAM) solution can help streamline access to online portals and deliver a smoother online experience to business partners. It can also help accelerate digital transformation initiatives and establish an ongoing online engagement with firms in their supervision scope.

In this eBook, we are going to elaborate on 5 relevant trends that are shaping the future of IAM, and the way supervisors can capitalize on these trends and simplify the regulatory function.



Trend 1: A growing number of online portals and services

The diversification of the financial markets has led to a shift for supervisory bodies. The long-established model of checking boxes no longer exists; supervisors need to continuously stay engaged with the firms they are supervising. This is partly because supervision has become stricter, but there are also new developments, fueled by technological change. The traditional analysis of structured and unstructured data used to be a yearly one-off, manual process. With the diversification in players and services, active in specific parts of the value chain, supervision is becoming more modular.

This has resulted in a growing number of portals and services. As these new portals are being launched, registration and logins remain inconsistent across the board. Representatives of supervised firms don't experience a unified frictionless

login process where they can access all relevant applications with a Single Sign-On, instead they need to login per portal. Registration for the different portals is inconsistent and often it is not clear how to register for and access newly launched applications.

As a result, supervised firms complain about the process and don't deliver their reports in time, which affects the actual supervision work.

How the Thales OneWelcome Identity Platform can help

Single Sign-On

Supervisors need a centralized IAM solution with a single login for different portals and a frictionless registration flow. One centralized platform for business cooperation increases operational efficiency while reducing the procedural compliance burdens on supervised firms. With just a single login, supervised firms can streamline reporting, data for Anti-Money Laundering supervision, or credit information. Supervisors can then receive and analyze this information through different applications.





Trend 2: Empowering business users

The role of supervisors is essential to keep resilience in the banking sector, and stability in financial systems. With the development of different portals and diversification in the areas of the supply chain that are being monitored, there is also a growing number of business users, so it's important that users are being verified, and that they can interact with supervisors to report necessary data in a timely manner.

Currently, most supervisors don't have a real view of the external business users and there is a lack of reliable login and access audit information:

- Who is responsible for what reporting?
- Who needs access rights?
- Do they still work in the same position?
- What about sharing of accounts and login credentials?

The operational burden is high and can be error-prone, leading to security risks.

How the Thales OneWelcome Identity Platform can help

Delegated User Management

Supervisors can collaborate more efficiently with supervised firms by delegating the responsibility for user management towards the actual firms themselves. This empowers business users and relieves supervisors from the administrative burden. Through Delegated User Management, business users can define the scope for access, using roles and attributes. This may include identity verification steps and restrictions on email domains.

Trend 3: Stricter supervision regulations

When it comes to financial supervision, the whole financial system relies on the due diligence of supervisors: applying the right security at the right time. This needs to be taken into account, not only for infrastructure, but also the users.

With the introduction of Know Your Customer (KYC) and Anti-Money Laundering (AML), financial supervision has become stricter, and these processes play a vital role in banking. Cybercrime is still a very real threat to the financial system, so it is more important than ever that supervisors provide safe, secure infrastructure for exchanging financial information, that is sensitive by nature.

People should be able to rely on a public institution, and proper governance structures should be set up, to avoid any abuse of data. Users should be checked and verified before they are provided with access to sensitive information and applications, which can be achieved by deploying Multi-Factor Authentication (MFA) and adaptive policies per application. However, in highly regulated industries, that is not always sufficient.

How the Thales OneWelcome Identity Platform can help

Strong User Authentication

Due to the nature of the data that is being exchanged, security measures are essential. Adding extra layers of security should be easy, flexible and multi-levelled. Thales offers an authenticator app to integrate Multi-Factor and Step-Up Authentication, dependent on the sensitivity of the data.

Compliance to local regulations

In order to guarantee the highest level of security, a login and authentication platform should support the security principles of supervisory bodies. Thales supports the high standards of European organizations in regulated industries.

When data is processed and stored in European data centres, GDPR capabilities need to be in place and European eIDs should be supported. Thales supports login schemes notified under eIDAS and is a trusted broker for the Dutch eHerkenning / eRecognition login scheme.

KYC Processes

An important principle that must be adhered to when it comes to onboarding business users is Know Your Customer (KYC). In the case of supervisors, business users are that customer. The onboarding process should be designed with a number of verification steps. Thales can verify identities by integrating with trusted sources, but KYC can also be captured by shifting the circle of trust: instead of centralized onboarding of users, the responsibility can be delegated to the supervised firms themselves.

Trend 4: Ongoing online engagement

The changes in the supervision sector have had a direct effect on the engagement with the market. This engagement happens on multiple levels, and it touches upon both supervisors and supervised firms. Supplying data, collecting data, analyzing data, providing feedback on data: all these processes need to be interwoven in one digital infrastructure.

Most of the supervisory processes are still highly manual and very data intensive, due to a mix of structured and unstructured data. AML reporting, KYC processes and the submission of regular reporting are examples of unstructured data where digital technology can help standardize and automate processes.

To keep everything working, maintain an overview and stay secure, it is essential that supervisors stay connected with the market at all times. This is an interplay of monitoring developments, sharing data such as statistics and performing the actual supervisory tasks. To make this work, the right people should have access to the right portals and the right information at all times. It is also essential that systems are scalable, so new portals can be added easily and the onboarding of users is smooth and fast.

How the Thales OneWelcome Identity Platform can help

24/7 availability

The Thales OneWelcome Identity Platform solution has been engineered to allow supervisors to protect and connects users and systems, 24/7, all year round. This means availability in every aspect, from network through application and ancillary ICT.

A single pane of glass

Thales offers a scalable IAM platform that brings all applications together, thanks to an API-first infrastructure. This provides the flexibility needed to add different portals with different ways of collecting data, facilitating supervisors both in their role as receivers of information, as well as being a provider of data and statistics.

Quick & easy upgrades with new functionality

Financial supervisors are constantly in motion. New applications to serve the evolving user groups should be added easily to the login and authentication portal. Using the API-first approach, the Thales OneWelcome Identity Platform infrastructure supports all kinds of applications that can be added on the fly, allowing supervised firms to submit their regulatory reporting, data for AML, or credit information.



Trend 5: Safeguarding personal data of business customers

Since May 2018, organizations that interact with European citizens should comply to the General Data Protection Regulation (GDPR). Financial Supervisors are also obliged to comply when they process personal data, on different levels:

- As an employer, supervisors process the personal data of their staff
- As a public institution, supervisors invite members of the general public to register for information and events by sharing their personal information
- As a banking supervisor, banks request information, including personal data, supervised institutions and other authorities.

Allowing users to view, edit, download and delete their personal data is not only a strict GDPR requirement - it is one of the cornerstones for building trusted online relationships. On top of that, users should give consent for the processing of their personal data and supervisors should have data retention policies in place.

Due to the nature of the organization and activities, financial supervisors should not only be compliant, but also have an exemplary function when it comes to protecting the privacy of personal data in their scope.

How the Thales OneWelcome Identity Platform can help

GDPR capabilities

Constant control over customer data in a heterogenous landscape can only be implemented with a Single-Source-of-Truth for customer data and the lawful processing of it. From the start, a service should be designed with security in mind. Data minimization should be the starting point and retention policies should be in place. The Thales OneWelcome Identity Platform has been designed with the principles of the European data regulations in mind, providing users with the option to access, edit and request erasure of their personal data according to GDPR requirements.

Consent Management

With advanced consent management capabilities, financial supervisors can either use a white-labelled self-service portal or choose to use their own portal, complimented with APIs. With the consent management solution, users are offered one overview of all personal identity information including consent and preference settings. Changing or withdrawing consent on documents or data attributes can happen with just one click and is stored across relevant portals immediately.





A robust and flexible IAM platform, for future-proof financial supervision

In today's world, supervisors have the complex task to safeguard the financial stability in their geographical zones, while at the same time adopting a flexible digital-first attitude to stay aligned with the transforming market.

To make this task easier, supervisors can provide better user journeys for their business partners. It will not relieve them from their regulatory obligations, but it can help supervisors earn trust, share knowledge and act more as a partner.

Thales provides a robust and flexible platform, where supervisors can benefit from different features as we described with the five trends detailed in this eBook. All features that can be delivered out-of-the-box or tailored to specific needs.

Do you want to learn more about IAM for financial supervisors in practice and how Thales can help? Read about how the [European Central Bank](#) has streamlined their online portals for businesses.

About Thales

Today's businesses and governments depend on the cloud, data and software to deliver trusted digital services. That is why the most recognized brands and organizations around the world, rely on Thales to help them protect sensitive information and software wherever it is created, stored or accessed – from the cloud and data centers to devices and across networks. As the global leader in data security, identity & access management, and software licensing, our solutions enable organizations to move to the cloud securely, achieve compliance with confidence, create more value from their software and deliver seamless digital experiences for millions of consumers every day.

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