

CONSULTATION

P007 - 2020

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NOTICE ON IDENTITY VERIFICATION

MAS

Monetary Authority of Singapore

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1 Preface

1.1 Globally, cyber attacks, such as data theft, scams and phishing are on the rise. In Singapore, there have been several notable incidents where massive amounts of personal particulars were illegally accessed, stolen and used to commit fraudulent transactions. This is poised to continue as the world becomes more digitalised, and organisations collect and store more and more information online.

1.2 There are increasing instances where an individual's stolen personal particulars are used to impersonate an individual and perform unauthorised financial transactions through non-face-to-face channels such as online financial service or phone banking. To address the risks arising from the theft and misuse of an individual's personal particulars, MAS proposes to issue a Notice on Identity Verification to strengthen the level of authentication controls to be implemented by financial institutions ("FI").

1.3 FIs will be required to enhance the types of information they obtain for the purpose of verifying an individual's identity, before they undertake any transactions for the individual, or act on instructions from the individual. FIs must not rely solely on information that are often given out by individuals such as NRIC number, residential address and date of birth to verify an individual's identity.

1.4 MAS invites interested parties to submit their views and comments on the draft Notice.

Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like (i) their whole submission or part of it, or (ii) their identity, or both, to be kept confidential, please expressly state so in the submission to MAS. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.

1.5 Please submit your comments by 9 December 2020 to:

Technology & Cyber Risk Supervision Department
Monetary Authority of Singapore
10 Shenton Way, MAS Building
Singapore 079117
Fax: 62209659
Email: techrisk@mas.gov.sg

1.6 Electronic submission is encouraged. We would appreciate that you use the prescribed format for your submission to ease our collation efforts.

2 DRAFT NOTICE ON IDENTITY VERIFICATION

MAS NOTICE xxx

Issue Date: xx xxx 2020

IMPLEMENTATION OF IDENTITY VERIFICATION REQUIREMENTS

Introduction

1 This Notice is issued pursuant to section XX of the XXX Act.

- Question 1.** MAS seeks views on the proposal to impose requirements on the following entities that are regulated by MAS (each a “relevant entity”):
- any bank in Singapore as defined in section 2 of the Banking Act (Cap. 19);
 - any merchant bank approved under section 28(2) of the Monetary Authority of Singapore Act (Cap. 186);
 - any direct insurer licensed under the Insurance Act (Cap. 142), except marine mutual insurers;
 - any insurance agent as defined in section 1A of the Insurance Act (Cap.142), except for the following persons:
 - an individual;
 - a person exempted from holding a financial adviser’s licence under section 23(1)(f) of the Financial Advisers Act (Cap.110); and
 - such a person or belongs to a class of persons as may be exempted from section 6(1) of the Financial Advisers Act (Cap.110), under section 100(1) or (2) of the Financial Advisers Act (Cap.110);
 - any registered insurance broker as defined in section 1A of the Insurance Act (Cap. 142);
 - any person licensed under the Banking Act (Cap. 19) to carry on the business of issuing credit cards or charge cards, or both in Singapore;
 - any approved holding company, approved exchange, recognised market operator which is incorporated in Singapore, licensed trade repository, approved clearing house, recognised clearing house which is incorporated in Singapore;
 - the Depository as defined in section 81SF of the Securities and Futures Act (Cap. 289);
 - any holder of a capital markets services licence under the Securities and Futures Act (Cap. 289);

- any registered fund management company as defined in regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations;
- any person who is approved under section 289 of the Securities and Futures Act (Cap.289) to act as a trustee for a collective investment scheme, which is authorised under section 286 of the Securities and Futures Act (Cap.289) and constituted as a unit trust;
- any licensed financial adviser under the Financial Advisers Act (Cap. 110);
- any operator of designated payment systems under the Payment Services Act 2019 (Act 2 of 2019);
- any payment service provider licensed under the Payment Services Act 2019 (Act 2 of 2019);
- any finance company licensed under the Finance Companies Act (Cap. 108);
- any licensed trust company under the Trust Companies Act (Cap. 336);
- any licensed credit bureau¹ under the Credit Bureau Act 2016 (Act 27 of 2016); and
- any authorised benchmark administrator, exempt benchmark administrator, authorised benchmark submitter or designated benchmark submitter under the Securities and Futures Act (Cap. 289).

¹ The Credit Bureau Act has been passed in Parliament but has not been commenced. The Notice issued pursuant to the Credit Bureau Act will only be effective on or after the date of the commencement of the Act.

Identity Verification Requirements

2 Where a relevant entity is verifying the identity of an individual (which includes an individual authorised to act on behalf of an entity) for non-face-to-face contact, the entity must do so using at least one of the following types of information (excluding personal particulars such as name, national registration identity card number, address, date of birth, contact number or email address):

- a) something that only the individual knows, such as password or personal identification number (“PIN”);
- b) something that only the individual has, such as a cryptographic identification device or token;
- c) something that uniquely identifies the individual, based on the individual’s biometrics or behaviour;
- d) information (such as account transaction information or application identification number) that is –
 - i. in the case of an individual authorised to act on behalf of an entity, only known between the individuals authorised to act on behalf of the entity, the entity and the relevant entity; or
 - ii. in other cases, only known between the individual and the relevant entity.

3 The relevant entity must take reasonable care to ensure that any third party that it appoints to act on its behalf complies with paragraph 2, as if the third party is the relevant entity.

Question 2. While a relevant entity may request for personal particulars from an individual, the entity should not rely solely on them to verify the identity of the individual.

- a) MAS seeks comments on the types of information stipulated in the requirement to verify the identity of an individual without face-to-face contact. A non-exhaustive list of information that a relevant entity can use to meet the requirement are set out as examples in Annex B.
- b) MAS also seeks suggestions on other effective types of information to verify the identity of an individual without face-to-face contact.

Effective Date

4 This Notice shall take effect on XX.

Question 3. The effective date will be 6 months from date of issuance of the Notice. MAS seeks comments on whether the transition period is adequate for financial institutions to implement the frameworks, processes and controls to comply with the requirements.

3 Annex A**LIST OF QUESTIONS**

Question 1. MAS seeks views on the proposal to impose requirements on the following entities that are regulated by MAS (each a “relevant entity”):.....4

Question 2. While a relevant entity may request for personal particulars from an individual, the entity should not rely solely on them to verify the identity of the individual.

a) MAS seeks comments on the types of information stipulated in the requirement to verify the identity of an individual without face-to-face contact. A non-exhaustive list of information that a relevant entity can use to meet the requirement are set out as examples in Annex B.

b) MAS also seeks suggestions on other effective types of information to verify the identity of an individual without face-to-face contact.6

Question 3. The effective date will be 6 months from date of issuance of the Notice. MAS seeks comments on whether the transition period is adequate for the financial institutions to implement the frameworks, processes and controls to comply with the requirements. ..7

4 Annex B

GUIDANCE TO COMPLY WITH IDENTITY VERIFICATION REQUIREMENTS

The table below contains examples of information that a relevant entity may use to verify the identity of an individual for non-face-to-face contact.

Types of information that can be used to meet the Notice requirements	Examples
Something that only the individual knows, such as password or personal identification number;	<ul style="list-style-type: none"> • Username and password • Card number and Personal identification number (“PIN”)
Something that only the individual has, such as a cryptographic identification device or token;	<ul style="list-style-type: none"> • Password-generating hardware or software token that is issued to or registered with the individual • Smart card that is issued to or registered with the individual • One-time password (“OTP”) sent to the individual’s registered mobile number • SingPass Mobile application installed and activated on the individual’s mobile
Something that uniquely identifies the individual, based on the individual’s biometrics or behaviour;	<ul style="list-style-type: none"> • Voice • Fingerprints • Face • Iris or retina • Keystrokes dynamics
<p>Information (such as account transaction information or application identification number) that is –</p> <p>i. in the case of an individual authorised to act on behalf of an entity, only known between the individuals authorised to act on behalf of the entity, the entity and the relevant entity; or</p> <p>ii. in other cases, only known between the individual and the relevant entity.</p>	<ul style="list-style-type: none"> • Account transaction details • Application identification number

MAS expects relevant entities to adhere to the “Guidelines on Risk Management Practices – Technology Risk”, when they use information to verify the identity of an individual for non-face-to-face contact. Relevant entities should thus ensure that the information used to verify

the identity of an individual are securely obtained, processed, transmitted and stored to prevent unauthorised access. Relevant entities should also not ask any individual to disclose their login credentials to anyone through phone, email or SMS.

