



Privacy of Digital Government Services

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Thank you Mr. Chair and good afternoon. It's always a pleasure to appear before the committee. My name is Marina Mandal and I am joined today by the CBA's General Counsel & Vice-President Angelina Mason.

The concept of digital government, when we're already living in a digital society, should be widely welcomed. This is especially true in the area of identification, where establishing who we are and what we're eligible to do is one of the foundational tasks of government.

Despite remarkable advances in technology that accelerate with each year, we're still tethered to an analogue model that relies on presenting physical documents to establish our identity in the multiple daily transactions we have with public services, businesses and each other. The good news is that there's a modern solution to this challenge. The Canadian banking sector is ideally situated to underpin a digital ID system that will revolutionize the way we use personal data to interact with the world.

The current system is deficient in three major ways. First, it's outdated – especially when it relies on physical documents like driver's licenses and utility bills. These documents can be forged or stolen and used fraudulently. Requiring face-to-face transactions also places a burden on those in remote communities and those with mobility challenges who could be forced to travel long distances to conduct basic business or access essential services.

Second, even today's technology-based approaches are clumsy. The two-factor identification sequence used online, where you enter a user name and password, can be easily compromised. It's also a hassle for users who must remember dozens of log-in credentials.

Third, inefficient methods of establishing identity are a drag on economic growth. They slow down the speed of transactions, introduce uncertainty and are prone to costly errors. Countries around the world realize this situation is untenable and are crossing the electronic frontier to explore the benefits of implementing digital identity systems.

When ID goes digital, citizens can verify their identity electronically using a combination of existing systems and newer biometric tools such as fingerprints or facial recognition. With the growing number of Canadians accessing services and businesses online and the increased use of mobile phones, Canada is in a position to move forward with its own robust digital identity system.

Two recent developments have added momentum to this trend. First, updates made in 2018 to the *Bank Act* now expressly allow banks to provide identification, verification and authentication services beyond the needs of their own operations. This is a contemporary acknowledgement of what has always been true about banks: they know who their customers are, know about their financial status and can attest to both.

Historically, banks would write letters of introduction for clients to help them in personal or business matters in distant locations. The endorsement of a bank created trust among strangers.

The second development is that the CBA produced a White Paper last year that lays out a clear path for making digital ID a reality in Canada. We took into account our country's unique characteristics, advanced institutions and sophisticated infrastructure to develop a framework for what could work here.

We call for a federated model of digital ID because it would align with Canada's political structure. A federated model works by creating linkages between federal and provincial identity management systems. Right now, identity is spread across multiple isolated regimes: for instance, the federal government has social insurance and passport information, but the provinces manage health cards and driver's licenses.

The first step in our model envisions maintaining these distinct systems, but connecting the disparate elements in such a way that someone's identity can be authenticated electronically using a combination of attributes. Instantly verifying someone who is using multiple digital reference points is more secure than relying on a plastic license card that could be a forgery. Because this digital network is connected yet decentralized, the risk of compromising the system is reduced by eliminating "honey pots" of data that hackers tend to target.

The second step is to harness the power of the private sector. This would enable the creation of a digital ID system without the cost and risk of building complex infrastructure from scratch. Canada's banks already operate across the country and around the world. We have robust, interconnected electronic systems that citizens can access from branches, bank machines, home computers and mobile phones. These networks are up and running 24 hours a day, all year long.

More importantly, banks are already held to a high standard when it comes to collecting and safeguarding the personal information of customers. For banks, the privacy of their clients data and personal information is at the core what they do. We're subject to rigorous oversight to ensure this data is held accurately and securely, from one end of a transaction to the other.

The third step in our federated model involves passing legislation that would allow business and government to accept digital ID. Banks must know their clients as part of Canada's fight against money laundering and terrorist financing. This involves thoroughly gathering and maintaining customer information and financial intelligence, subject to strict regulations. It's true that some client ID requirements under anti-money-laundering and anti-terrorist-financing legislation have been modified to allow non-face-to-face verification. However, the rules continue to be rooted in physical ID.

Our industry is ready and willing to work with Treasury Board, the Department of Finance, ISED and other departments and agencies to explore ways to accommodate the technologies of the connected age.

The government is already starting to explore other ways to update financial transactions and Blockchain and artificial intelligence are pushing into new frontiers. With these developments, the demand for digital ID will only grow more urgent. Banks stand ready to contribute energy and resources to build a federated model for Canada.

Thank you for your time and I look forward to answering any questions you may have.