



Unlocking Digital Trust



# eIDAS 2.0 and the Banking Sector: Challenges and Opportunities in the New Digital Identity Landscape



# The New Digital Identity Landscape

## eIDAS 2.0

The EU adopted the Electronic Identification, Authentication, and Trust Services (eIDAS) Regulation in 2014. This regulation created a common framework for electronic identification and trust services across EU Member States. However, it had several limitations.

With a new update, the eIDAS 2.0 Regulation brings a transformative change to the management, verification, and interoperability of digital identity. For the banking sector, one of the most heavily regulated and security-sensitive industries, this is a strategic opportunity to reduce operational friction, strengthen customer trust, accelerate onboarding, and enable seamless cross-border financial activities.



## Recapping eIDAS 2.0

The transition from eIDAS 1.0 to eIDAS 2.0 addresses key gaps in digital identity adoption across the EU. The updated framework introduces:

- **EU Digital Identity Wallets (EUDI Wallets):** Under this new regulation, EU Member States must provide EU Digital Identity Wallets to their citizens within 24 months of the adoption of the implementing acts.
- **New Qualified Trust Services**, such as qualified electronic ledgers and qualified electronic archiving.
- **Cross-Border Recognition of Trust Services and Attributes**, enabling the use of electronic signatures, seals, and timestamps in transactions involving parties in different countries.
- **Qualified Electronic Attestation of Attributes**, enabling the receipt of a valid electronic attestation from a qualified service provider.
- **Management of Electronic Signatures and Seal Creation Devices**, enabling the remote creation of qualified identities without the need for physical presence.
- **Enhanced security, privacy, and user control** through cutting-edge technologies that streamline processes for better efficiency and establish clear legal recognition for electronic transactions.

For Financial Institutions (FIs), these changes have the potential to simplify customer interactions, from onboarding and authentication to digital signing and approval of high-risk transactions.

## The Banking Sector: Current Challenges in Digital Identity

Banks and other FIs face a distinct combination of regulatory, operational, and customer-experience challenges related to identity verification and trust services.

### Fragmented Identification Processes

FIs rely on various identity verification methods across different countries. This results in:

- High onboarding abandonment rates
- Rising compliance responsibilities
- Difficulty expanding services internationally

### Complex KYC and AML Requirements

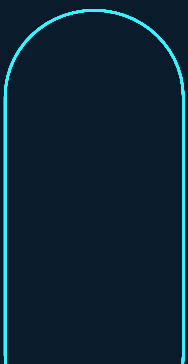
Repeated checks and redundant data collection drive:

- Long onboarding times
- High operational costs
- Increased fraud risk in weakly digitised processes

### Electronic Signature Limitations

Not all markets have consistent access to Qualified Electronic Signatures (QES), often causing:

- Slow contract approval
- Lack of consistent cross-border validity



## How eIDAS 2.0 Transforms Banking

eIDAS 2.0 introduces features that directly address these challenges.

### EUDI Wallets

With the Digital Identity Wallets, banks and other FIs will gain a standardised mechanism that enables a streamlined onboarding process, reduces errors in remote identity proofing, and decreases operational burden.

- Instant verification of identity attributes (age, address, ID card, license...).
- Reduce onboarding time from minutes to seconds.
- User authentication for account access and sensitive operations.
- Use wallet-based signatures and attributes in accordance with QES.

### Qualified Electronic Attestation of Attributes (QEAA)

Banks can rely on verified digital attributes issued by Qualified Trust Service Providers (QTSPs), such as proof of address, employment status, attributes related to the origin of funds, and business identity attributes for corporate accounts, reducing document fraud and automating KYC/AML workflows.

### Enhanced Cross-Border Transactions

With mutual recognition of trust services, banks can grow digitally across borders with less compliance friction.

- A customer verified in one EU country can open an account in another EU country without repeating the KYC process.
- Business onboarding becomes smoother across operating regions.

### Stronger Security with Remote QES

The remote creation of qualified signatures and seals allows for faster processes and a better customer experience with legal certainty.

- Enables fully digital loan applications.
- Supports remote contract execution.
- Reduces in-branch visits and manual checks.

## Key Challenges for Banks Implementing eIDAS 2.0

Despite the benefits, implementing eIDAS 2.0 is not straightforward. Banks and other FIs will encounter several challenges:

### Technical Integration Complexity

EUDI Wallets connect with multiple systems at the same time:

- Customer onboarding portals
- Core banking platforms
- CRM systems
- Fraud detection systems
- Third-party service providers

### Regulatory Uncertainty and Readiness

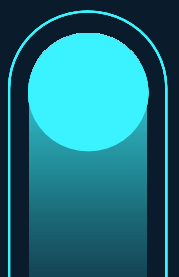
Banks and other FIs must understand and adapt to:

- Implementing acts
- National interpretations
- Integration with local QTSPs
- EUDI Wallet Certification and Acceptance Requirements

### Data Protection and Consent Management

With ID Wallets, users gain greater control over the data they share. Banks and other FIs are required to:

- Request only the necessary attributes
- Ensure data minimisation complies with regulations
- Record consent events for auditing



## LOQR's Role in eIDAS 2.0

LOQR's Digital Identity Orchestration Platform is uniquely positioned to help banks and other FIs navigate the transition from existing systems to the new eIDAS 2.0 ecosystem.

### End-to-End Digital Identity Orchestration

LOQR integrates identity verification, authentication, signature and trust services into a single orchestrated Platform, enabling:

- Wallet-based onboarding flows
- Compliance with Qualified Trust Services
- Secure multi-step authentication flows

### Compliance-Ready Architecture

LOQR's Platform aligns with:

- eIDAS 2.0 requirements
- GDPR
- AMLD/KYC regulations

This ensures a compliant implementation across jurisdictions.

### Future-Proof Wallet Integration

LOQR is already preparing for:

- EUDI Wallet interoperability
- Attribute-Based Identity Flows
- Qualified signatures through remote signing
- Cross-Border acceptance of Wallet Credentials

### Fraud Prevention and Risk Scoring

LOQR offers automated risk assessment models integrated with Wallet attributes, enabling:

- Document and attribute consistency checks
- Behavioral analysis
- Authentication triggers

LOQR provides the technology, expertise, and orchestration layer that banks and other FIs need to smoothly transition into this new identity era, delivering secure, compliant, and fully digital customer journeys aligned with the future of European digital identity.



**Get Started with LOQR Today**

Transform your digital ecosystem with trust.

For more information, visit [LOQR.COM](https://loqr.com)

Or contact us at [SALES@LOQR.COM](mailto:sales@loqr.com)

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