



Perspectives on the Introduction of a European Digital Identity

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The European Commission's (EC) proposal to introduce a European Digital Identity (eIDA), enabling electronic confirmation of personal data, is the next step in the development of the EU digital market. The eIDA is intended to increase trust among users of electronic services and may facilitate and speed the flow of documents between EU countries. Challenges include ensuring compatibility and the security of systems operated by individual Member States.

On 3 June, the EC presented a proposal for a regulation introducing a European digital identity (electronic identification of persons). The project involves the creation of mobile applications—European digital wallets—that would allow confirmation of identity, qualifications, or other characteristics of the holder and enable signing documents electronically. In the EU, the aim is to use them widely, for example, to confirm age, make tax declarations, car rentals, university enrolment, etc. App testing is expected to start in autumn 2022, which is when the Commission plans to obtain preliminary approval from the Member States to introduce the new regulation.

The proposal is in line with global trends. Digital identity is being implemented in India (Aadhaar system), promoted by the World Bank (ID4D, Identity for Development, for developing countries), and planned to be introduced by China and others (e.g., Smart Africa Digital ID).

Main Points. The eIDA proposal is a response to the shortcomings of the previous eIDAS regulation from 2014, which introduced, among others, mutual recognition of electronic identification by EU countries and a legal framework for electronic signatures (e.g., Poland's "Profil Zaufany" [Trusted Profile]). The eIDAS, however, did not require Member States to introduce a digital identity nor did it enable electronic document-sharing, which would become mandatory under eIDA. The authorities of each Member State, as well as the largest internet services providers, would be required to honour a user's eIDA (although use of the

application will remain voluntary). The scope of data stored or processed by the app will also depend on the user (e.g., driving license, university diploma, vaccination certificate, etc.).

Contrary to the assumptions of the eIDAS regulation, the data authentication systems operating in individual countries are not fully interoperable. Currently, only 14 EU countries allow their citizens to be identified by means of a digital identity. The solutions differ in scope (e.g., wide use in the private sector in Sweden) and usage principles (e.g., the obligation to have electronic documentation connected to an application in Belgium). This hinders the cross-border flow of data. The eIDA is meant to coordinate national solutions without replacing them. Each country will have to offer its own application, but it must be compatible with the systems of the other Member States. Users who already have existing national solutions (e.g., Poland's "mObywatel" app) will not have to set up new accounts, either EU or foreign. The proposal also does not replace Member States' identity cards, likely to avoid possible accusations by opponents of deeper European integration.

The eIDA is to be based on blockchain technology, which is considered a particularly secure way to store data. However, gathering detailed information about so many people in apps makes the systems highly attractive to hackers. Compliance with EU security requirements will be enforced by national public entities or private firms designated by them. While digital wallets are to be of the highest security standards, the Commission should adopt detailed guidelines for them.

Consequences for the Internal Market. Currently, 59% of EU citizens have access to electronic documents, and by 2030 the Commission plans to increase this to 80%. The eIDA is to give citizens better control over data-sharing, reduce fraud related to phishing, and increase trust in digital services. The proposed solution should be environmentally friendly and enable contactless sharing of documents, especially important during a pandemic or similar crisis.

The eIDA should facilitate cross-border activities and investments for EU businesses (e.g., submitting applications to offices in another Member State without the need to travel to secure documents). This may increase the interest in establishing a European Company (regulated by EU law and operating in at least two Member States) and in providing services on foreign markets by domestic entities. In the opinion of Thierry Breton, the EU commissioner for the internal market, the eIDA should enable enterprises to offer new services to customers related to the use of digital identity. Combined with the general increase in trust in digital services, this is expected to positively affect the development of the EU market, growing the GDP of the Member States—according to McKinsey Global Institute, from 3% to 13% by 2030. The Commission estimates that within five years of its introduction, the eIDA will have generated about €9.6 billion in revenues and contribute to the creation of 27,000 jobs.

Further Challenges. For the proposed solution to bring the maximum benefit, it will be necessary to introduce more far-reaching changes than indicated by the proposal. For the development of cross-border cooperation within the internal market, it is necessary to automate the issuance of certain official documents (e.g., certificates of no criminal record, tax residence, etc.). It is also necessary to provide translations of their content, as well as of the websites of public services such as the Polish ePUAP system. This would save applicant's time and the costs associated with obtaining the necessary documents (including stamp duties, powers of attorney, translations, and *apostille*, a certification by the Ministry of Foreign Affairs). Currently, multilingual standard forms, used as a translation aid, are foreseen at the EU level for civil status records and certificates of no criminal record, which is insufficient to fully exploit the possibilities of the eIDA.

Another challenge will be the prospect of the limited usage of the application by the elderly and the poorest. The EU,

together with the Member States, should ensure that these people are not disadvantaged compared to other eIDA users, for example, by issuing electronic certificates for free while charging for traditional documents, or prioritising electronic filings.

To counteract fragmentation of security standards, the Commission plans to adopt appropriate recommendations. However, given their non-binding nature, they may turn out to be insufficient in practice. As the security of any system is only as strong as its weakest link, EU-wide standards will be particularly important to avoid security lapses (such as less-secure apps in countries that will not spend enough to develop and maintain security) that might allow unauthorised persons to access an EU citizen's data.

It also will be necessary to strictly control compliance with the provisions on the protection of personal data, especially limiting processing to the necessary minimum, and in cases of storing sensitive data (e.g., health information) in the application, mandating restricted processing.

Conclusions and Perspectives. The eIDA proposal aligns with the further development of the internal market. By enabling cross-border confirmation of personal data and qualifications, it may speed up proceedings before foreign offices, facilitating business. This should translate into increased interest in doing business in other Member States and in providing cross-border services. In view of the work on introducing digital identity in third countries (individually or regionally), the development of the eIDA also has become a condition for maintaining the EU's competitiveness. The expected benefits should outweigh the risks associated with possible cyberattack or data theft, provided that appropriate protection standards are quickly established by the Commission and strictly adhered to by European digital wallet providers.

For Polish users, especially businesses, the lack of translation of documents submitted abroad will remain a big challenge in international trade. Although the eIDA will automate issues related to publishing and sharing, this will not make it automatically easier to read their content. To achieve the most benefits for the internal market, it is important, albeit difficult and time-consuming, to gradually standardise the templates of the certificates issued by the Member States, or at the very least, to provide for their translation.