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## Secure electronic procedures bring cost benefits

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**Alexandre Stern of Cryptolog brings some insight into how secure paperless procedures and electronic signature processing can bring significant cost savings**

In the current economic climate, companies feel under even more pressure than ever to seek out innovative solutions that will enable them to reduce operational costs. Dematerialising documents is one such solution and a procedure that has witnessed increasing popularity over the last few years. Due to the progressive unification of the norms and protocols used for financial transactions throughout Europe (the SEPA - Single Euro Payments Area – launched in 2002), dematerialisation has become an important means of reducing the processing costs involved in handling payment methods. There is currently a strong market trend towards dematerialisation throughout Europe and in France in particular: it is estimated that by 2010, 78% of companies' documents and in-coming correspondence will be dematerialised (as opposed to 43% today).

Dematerialisation is gaining ground within the banking and financial sectors that are characterised by uninterrupted services 24 hours a day, 7 days a week. In France for example, almost 15 million inter-bank payment operations (therefore several hundred million pieces of data) are generated annually by every banking institution. The vast amount of data transfer and storage within the financial sector requires the increasingly widespread use of digital information systems and multimedia. However, this new trend towards dematerialisation is not limited to the world of banking and finance and concerns numerous sectors of activity, such as telecommunications for example. The advantages of a "zero paper" objective are numerous and include the reduction of material and logistics costs, improved traceability, a clearer sharing of information and faster processing speeds, and also play a significant role in the fight against deforestation.

A recent study carried out by "Banque" magazine in France, estimated that 84% of companies from within the banking and insurance sectors had opted for dematerialisation projects last year. These projects were indeed motivated by many different factors: increasing productivity (87%), reducing costs (57%), better control and follow up of activity (57%), offering new services to clients (57%), lowering archiving costs (53%), making relations between different services smoother, with sales departments in particular (50%). Replacing a hand-written signature with a personalised digital signature issued by a bank, gives rise to the concept of dematerialising paper-based processes. Today, corporate bodies are increasingly frustrated by the paper-based, labour-intensive processes that exist for simple bank instructions such as opening an account or applying for new products and services with each of their banking relationships.

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However, given the importance of an environment of confidence between companies and their interlocutors, the concept raises crucial questions about the reliability and durability of electronic signature. There already exist several distinct possibilities of electronic signature for documents with evidential value (contracts, invoices, and cash transfer orders). For example, an individual can today subscribe to a service (bank, insurance, telecoms operator...) either by visiting a sales outlet – where the electronic signature takes place on the premises, using a special custom made electronic device – or in his own home by means of a website. In each case, the electronic signature must have the same value as a hand-written signature. However, an electronically signed document is only fully valid if it has been time-stamped, and hence can be verified at any given moment, even after very long periods of time. For this reason the long term validity of signed archives is necessary whatever the duration of conservation required (sometimes several decades).

With current attention focussed on ID fraud and the ever-growing number of “rogue transactions”, it is crucial that the automation and the dematerialisation of documents goes hand in hand with the implementation of an evidential dematerialisation infrastructure, based on highly secure and reliable solutions. Banks and financial institutions have a duty to seek out the most innovative certification solutions on the market today. Many of these are available in outsourcing mode and enable the straightforward implementation of a mass signature signing infrastructure which guarantees the integrity of sent documents, while ensuring the traceability of communication exchanges.

In order to guarantee the confidentiality and the integrity of electronic communication – which even in-house, contributes significantly to exposing sensitive company information to security breaches – it is essential to develop encryption and signature tools that dematerialise confidential exchanges of information in a secure manner. Companies are therefore perfectly equipped to ensure that their dematerialised documents and communications constitute a major asset and enable them to become more competitive and efficient. Embedding digital signatures within bank-to-corporate solutions improves customer service and satisfaction but also facilitates straight through processing by validating the identity of the initiator in real-time thereby reducing cost, time and risk.

Clearly, the development of new services via Internet and mobile telephones bring new challenges for the banking and financial sectors in particular. At the same time, the reduction of operating costs and the protection of internal as well as external data flows has now become a major issue. In this context, the dematerialisation of contracts upstream drastically decreases the flow and internal decision-making process, whilst bringing about a considerable reduction in paper costs. However it is essential that an element of trust is built into the process. Choosing the most reliable solutions based on electronic signature and digital identity simultaneously ensure the improved productivity of banking services and the development of customer loyalty in a secure environment.

Cryptolog is exhibiting at Infosecurity Europe 2009, the No. 1 industry event in Europe held on 28th – 30th April in its new venue Earl's Court, London. The event provides an unrivalled free education programme, exhibitors showcasing new and emerging technologies and offering practical and professional expertise.

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