

Digital Identification

White Paper V 1.0

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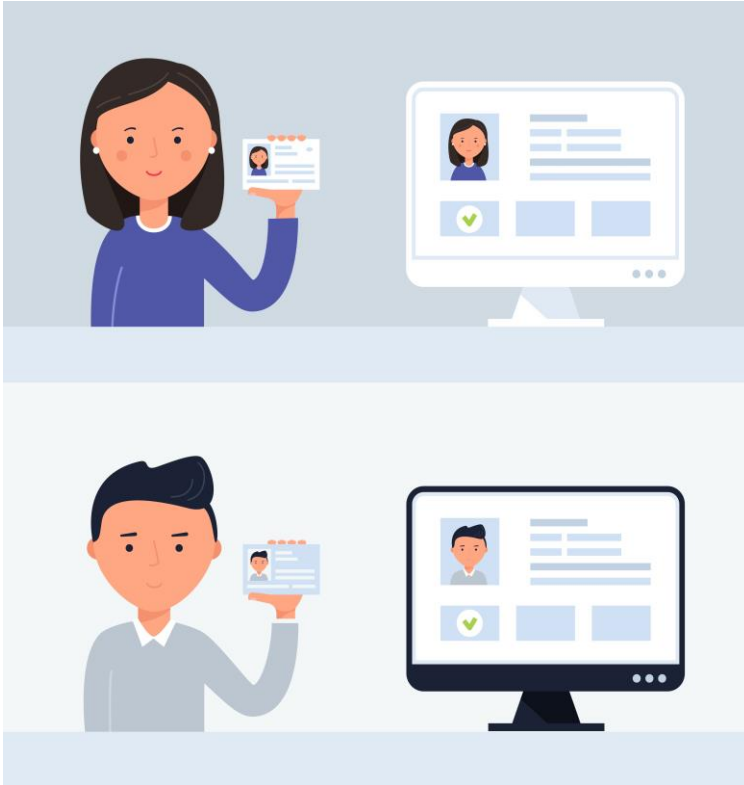
INTRODUCTION

Digital identity has long been on the government agenda, but will there ever be centrally held proof of identity that's available to both the public and private sector? This paper aims to look at the journey so far and which direction it's heading in.

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2 Identity Verification



Whilst many companies are focusing on making opening life, pensions and savings products as quick and painless as possible, proving identity is something that still has to be done during the customer journey for many finance related interactions, in particular to comply with anti-money laundering regulations. This can include customer onboarding e.g. opening an ISA or a pension, applying for credit, the addition of a Power of Attorney to accounts, death claims, surrender claims etc.

Traditionally, in order to prove your identity you would need to provide the company with **evidence** such as a photo ID e.g. passport, driving license or national identity card for proof of name and then bank statements, letter from professional person who knows you, a letter from the Benefits Agency, Student ID Card, mortgage statement, credit card statement, utility bill etc for proof of address. The documentation required differs depending on whether you're a UK resident or not.

Increasingly, companies will **accept proof of identity online** for example when opening a bank account. However, there are still many companies that request original or certified copies of key identification documents via post. These companies then need to provide a 'cherished document' return process to quickly and securely return these documents back to the originator.

There are many points in the customer journey where proof of identity may be required, and it ultimately results in additional friction and delays.

3 Government vision for a digital identity ecosystem

3.1 GOV.UK Verify

The government initiated **GOV.UK Verify** more than six years ago with the intention of using it as a standard digital identity for online public and private services. It was eventually launched (behind schedule) in **May 2016** as a secure service that allows you to prove who you are online in order to access 22 popular government services.



It has the advantage of not needing to prove your identity in person or waiting for something to arrive in the post. Instead you set up an identity account with one of the commercial **identity providers** available. This initial set up to verify your identity takes between 5 and 15 mins for the majority of users, during which you're asked to provide personal details which are then checked against records held by mobile phone providers, credit agencies, HM Passport Office or the Driver and Vehicle Licensing Agency (DVLA) (these checks don't affect your credit score).

The company can then confirm your identity to the government service you're using – examples include signing in to check or claim your State Pension, checking your Income Tax for the current year, filing your Self-Assessment tax return etc.

“Using GOV.UK Verify is safe because:

- **information is not stored in one place**
- **there's no unnecessary sharing of information**
- **the government department does not know which identity provider you've chosen**
- **all the identity providers have to meet government and international standards for security and data protection”**

<https://www.gov.uk/government/publications/introducing-govuk-verify/introducing-govuk-verify>

The plan was that the five identity provider 'certified companies' would take over running and funding the platform at the end of the 18 month contracts that were signed in October 2018. The platform would then be entirely owned and run by the private sector with the objectives of scaling it further and broadening the usage and application of digital identity in the UK so that users could use their digital ID to access private sector services.

3.2 Digital Identity Unit (DIU)

This time last year, the Government also announced plans to form a new **Digital Identity Unit (DIU)**, which would be a collaboration between the Government Digital Service (GDS) and the Department for Digital, Culture, Media and Sport (DCMS). They then jointly published a **call for evidence** “to seek views on how the government could support the development and secure use of digital identities fit for the UK’s growing digital economy”¹ and “how to organise the digital identity market and ensure interoperable ‘rules of the road’ for identity”². This consultation ran from 19 July 2019 to 15 September 2019 however the outcomes and findings are still yet to be published!

3.3 Open Identity Exchange (OIX)

Back as far as 2015 the Cabinet Office called for the **Open Identity Exchange (OIX)** to begin a process of investigating the legal, business and pragmatic considerations of creating a self-sustaining UK ‘chapter’ of the Open Identity Exchange.

“OIX is a not-for-profit, technology agnostic, collaborative cross sector membership organisation with the purpose of accelerating the adoption of digital identity services based on open standards”. With a vision to be “the catalyst for secure, privacy enhancing, globally interoperable, digital identities, for every entity in the UK”

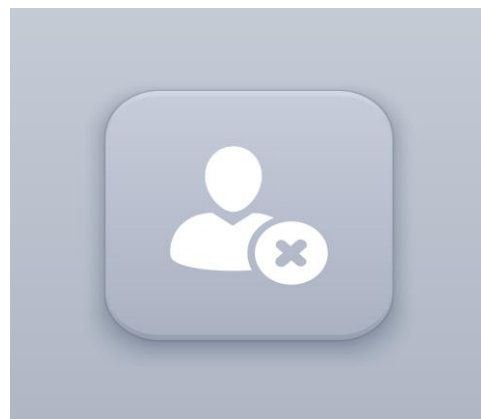
<https://openidentityexchange.org/about/>

They are also involved in the **Pensions Dashboard** project where one of the core components is digital identity i.e. anyone wanting to use it will need to create a secure Digital Identity in order to log in.

They have a number of interesting thought leadership blogs and whitepapers on their website and their involvement in pushing forward the digital identity agenda is important.

4 Not quite as planned....

Unfortunately, the GDS's vision for Verify hasn't entirely played out. There has been much criticism of the service including a report from the House of Commons Public Accounts Committee which labelled it as ***"an onerous system that is not fit for purpose"***



27.5%
Target
users

There are currently just over 6.9million subscribed users, far short of the targeted 25million Verify users by 2020

47%
Verification
Rate

The verification success rate only stands at 47% (although some reports have this being as low as 35%)

2
Identity
Providers

Shortly before the handover contracts were due to end, on 31 March 2020, three of the certified companies withdrew (Barclays, Experian, and SecureIdentity). Existing identity accounts remain supported until March 2021. You can now only create a new identity account with the Post Office and Digidentity

5 But Wait.....

Just when the future was looking really bleak for verify.gov.uk, coronavirus struck.

It became critical to be able to check someone's identity digitally, as the face-to-face aspects of government services were suddenly not possible due to social distancing.

Covid-19 has certainly accelerated the need to be able to prove your identity online. This led to a spike in new registrations, with **640,000** new users creating identity accounts between 16th March and 26th April. This coincided with an increase in new Universal Credit claims as people sought crucial financial support.

Where the identity providers had been seeing traffic of around 25 people per minute, suddenly they were trying to cope with hundreds, leading to online queues of several hours and additional delays where a manual check of identity documents was required.

To their credit, the Government leapt into action, working in conjunction with the remaining identity providers to scale up their infrastructure so that they could cope with the huge increase in traffic and facilitate access to essential government services that people urgently needed. They also implemented measures to temporarily split traffic between **Digidentity and Post Office**, whereas previously users had been able to choose which identity provider to use.

Within a week they'd increased capacity sufficiently to eliminate the queues and reduce the manual checking time down to a few minutes when required.

"Delivering this huge growth was vital to making sure thousands of people could access services they urgently needed to support themselves and their families during this public health crisis."

<https://gds.blog.gov.uk/2020/05/11/scaling-up-gov-uk-verify-to-help-during-coronavirus/>

A further example of one of the actions taken was that Digidentity brought forward the launch of a new identity verification method which lets users download an app to scan the chip from their passport, reducing the need for manual checks³.

The pandemic has also caused delays in the implementation of the joint DIU, which had intended to bring the public and private sector together, ensure the adoption of interoperable standards, specification and schemes, and deliver on the outcome of the consultation.

6 What Next

Although funding for Verify was due to end in April 2020, the Treasury announced the deadline would be extended for an additional 18 months due to the surge in usage during the pandemic. This effectively delays the transition to a private-led model. And the question is still outstanding as to whether this private-led model will actually continue to use Verify at all.

The government has paved the way in its technical implementation of Verify and has laid the foundations in terms of creating operational guidance, technical specifications, interoperable digital identity standards and a governance model for policy, audit, compliance and liability.

The vast majority of use cases for digital ID exist in the private sector

Therefore, the government's role must now change to one which supports the creation of an environment that allows multiple private sector actors to be able to innovate and play a number of roles in the digital identity ecosystem going forward. Ultimately, it's envisioned that this will result in a commercial framework for the government to buy identity verification services from the private sector, to ensure the continued delivery of public services.



6.1 Identity and Attributes Exchange (IAX)

The government has recently been in discussions with private companies about replacing Verify entirely with a trust mark scheme for digital identity providers, called the **Identity and Attributes Exchange (IAX)**. This would allow organisations to become certified for IAX by an independent auditor based on adherence to certain standards. They would then be able to sell their digital identity services, providing their authentication solution across public and private online services.

The IAX ecosystem would then comprise of the following stakeholders⁴:

Actor	Role
Person	User of the service
Attribute Providers	e.g. organisations that collect information about users that can be used to verify their identity, such as passport and driver's license issuers
Identity Providers	e.g. certified companies that create verified digital identities for users, which can then be used to log in to online services.
'Buyers' or 'Relying Parties'	e.g. a government department that wants to allow approved digital identities to log in to its services.
Brokers	Connect stakeholders to allow buyers to access multiple identity or attribute providers.

A lot more work is required to agree on these standards (as the current ones aren't fit for purpose in terms of supporting smartphones or eID document data, therefore commercial providers are reluctant to adopt them) and to set out the legal and commercial conditions.

At this point in time, the government is currently seeking feedback on its IAX proposals. However, they'll need to pick up the pace, as the industry (in particular financial services), has been moving forward with plans of its own with regulations in areas such as KYC, AML and open banking providing incentives to standardise.

6.2 Getting digital ID right

Key considerations in getting digital ID right:

Data privacy – ensuring identity solutions are privacy-centric, data is safe and being used in the right way in line with UK privacy regulations.

Need to build on the use case for consumers to give consent to share their identity information. It's also important that customers can choose what level of this ID info they share including choosing which identity attributes they share, rather than sharing all of the base data.

Access to services, both public and private across a variety of industries.

Fraud prevention: stopping fraudsters at the point of entry and also monitoring activity to pick up on fraudulent patterns that may arise. This may need to consider how it links into existing solutions such as SIRA 'Syndicated Intelligence for Risk Avoidance' - a third party fraud prevention check that checks the claimant details against a large database.

Financial inclusion: ensuring that systemic inequality is not replicated.

Unlocking value to the UK economy: estimated at significant value by numerous sources. The government has a key role to play in supporting growth in this market.

Interoperable standards across public and private sectors, different industries and possibly also between the UK and other countries.

How long is a verified digital ID valid for? Does it expire, need to be renewed periodically?

Consider what's being done in other countries e.g. India's biometric identification

6.3 The expected benefits

The expected benefits

Significant time savings for individuals who previously went through cumbersome in-person processes to verify their identities.

Users benefit from a safe, effective and functioning digital economy underpinned by strong digital identity solutions where they can utilise a broad range of online services as long as they have a pre-approved digital ID.

Financial savings and increased efficiency for organisations who can move their identity proofing processes online.

Reduction of fraud due to standardised ID proofing, supporting better Know Your Customer (KYC).



07

CONCLUSION

Despite good intentions from the government progress has been exceedingly slow and painful

Covid-19 has highlighted the importance of online identity verification and perhaps re-ignited the government's ambition to drive it forwards. Whilst a national digital identity verification solution that can be used across both public and private sectors remains a way off, the focus on a trust mark scheme which is ultimately likely to replace the government's Verify offering continues to progress.... Watch **09** this space!

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