Re-usable digital identity

Global State of Play 2023

Dima Postnikov

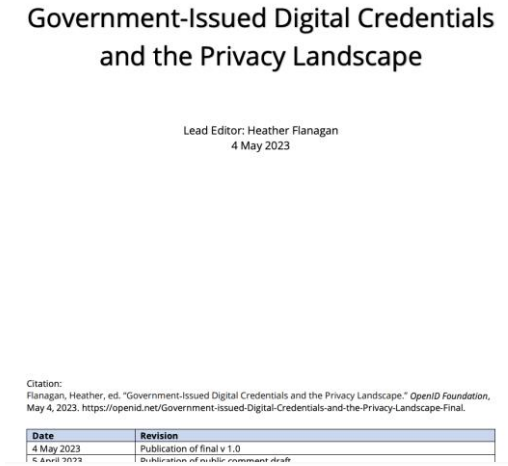
Identiverse 2023

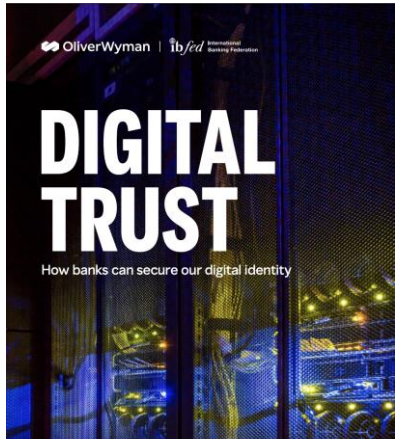
Dima Postnikov

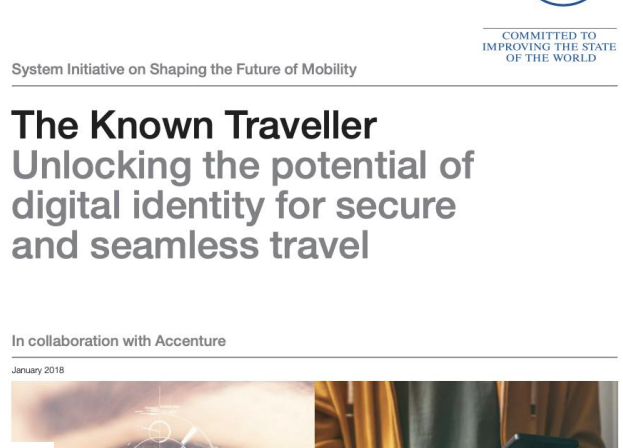
Head of Identity Strategy

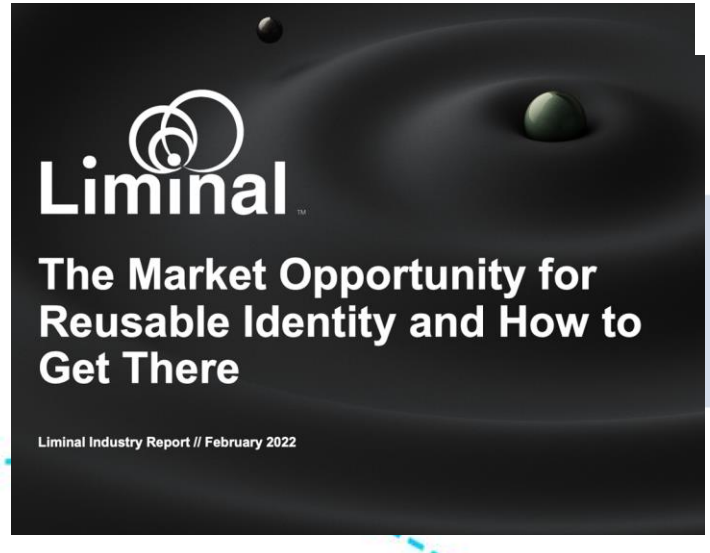
ConnectID

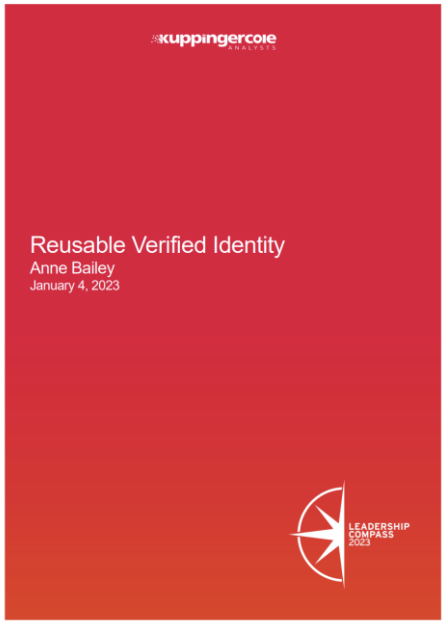
A lot of research…











Global view

NORTH AMERICA

Presence **of disparate state specific solutions**

Federal agencies and financial firms collaborate on future DI sol. blueprints

Focus on applications **implementing SSI based digital ID models** (Canada's DIACC partnership with Northern Block)

Push for **consolidation of usernames/ passwords**, increased customer control on data, and **high security/privacy**

Need to **reduce annual liability costs** resulting from data breaches and fraud (in $trillions in NA)

SOUTH AMERICA

Characterised by rising **private investments and govt. security spending** on app-based DI initiatives; Focus on **financial inclusion**

Focus on adoption of **biometrics & DLT**

Push for **frictionless access** and addressal of electoral, benefits, healthcare fraud

Need to **address high liability costs** for service providers due to high new account txns. fraud rate

AFRICA AND MIDDLE EAST

Government driven digital ID initiatives at country level; Focus on **financial inclusion** of remote segments

Africa–Focus on biometrics, match-on-card tech enabled smart cards to provide access to govt. services ; **Middle East–**In nascent stages of tech adoption

Push for **frictionless access to government/ public services** including voting, travel, education, etc.

Need to address high **liability and compensation costs** of ID data breaches and fraud

EUROPE

Core involvement of banks and the **mobile industry** instrumental inbuilding national digital ID systems in EU

eIDAS laid down as the foundation for **interoperability, security** between member states for ID schemes

Focus on **use of self-sovereign eID** for access to public services across borders e.g., **smart cards**

Enforcement of **GDPR** driving increased customer **data protection compliance** and **customer trust**

ASIA

Driven by **govt. mandates** to provide basic services and drive **financial inclusion**; Data protection reg. prevalent

Biometric information central to the element of identity

Push for access to govt. services with **convenience and security** using a universal ID

Driven by need to **reduce the costs of ID verification** (reduced from $5 to $0.70 per customer due to Aadhar)

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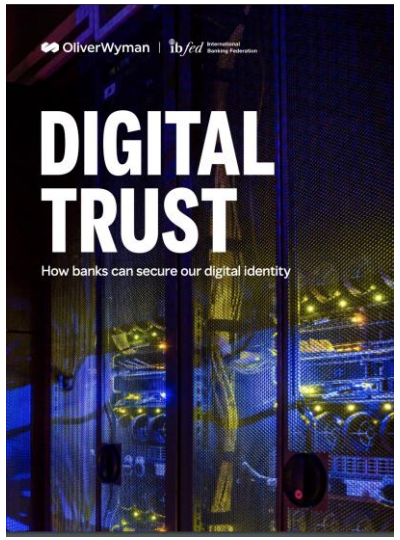
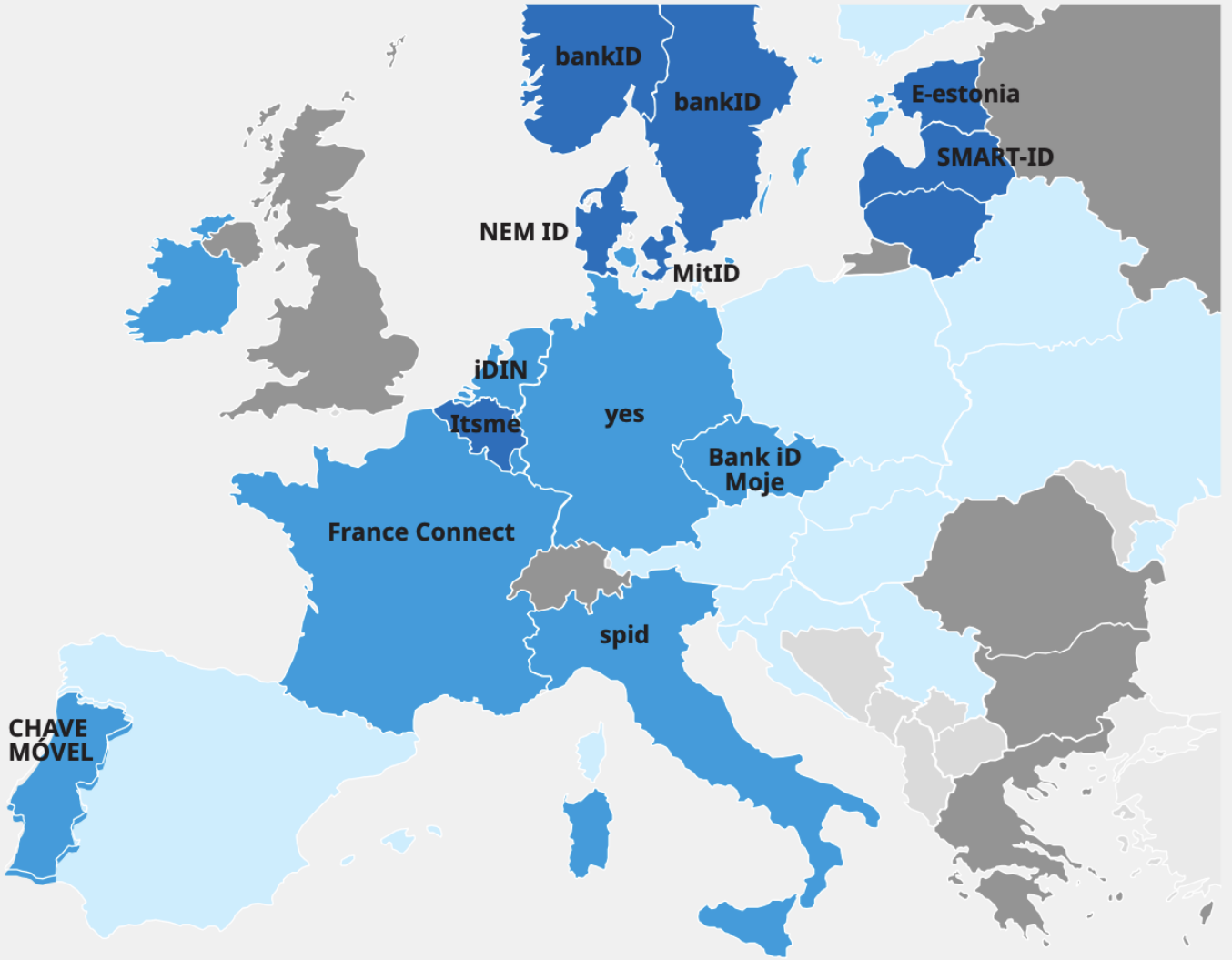
EU



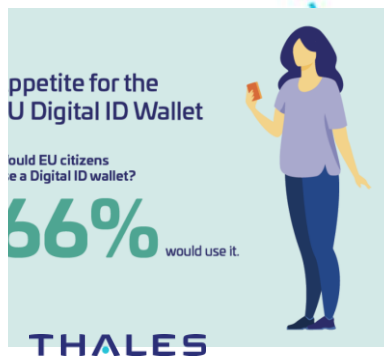
Current digital identity landscape in Europe



1. Mature scheme with over 40% adoption; 2. Active scheme/e-ID with over 5% adoption
Source: Expert interviews, EU publications, EU eID User Community.

EU

National eID
TSPs
attestation attributes
EU eID Wallet
National eID
Driving License
Diploma
Insurance
Travel
Payment
SELECTIVE DISCLOSURE
proofs of identity / attributes
SERVICE PROVIDERS
WWW
BANK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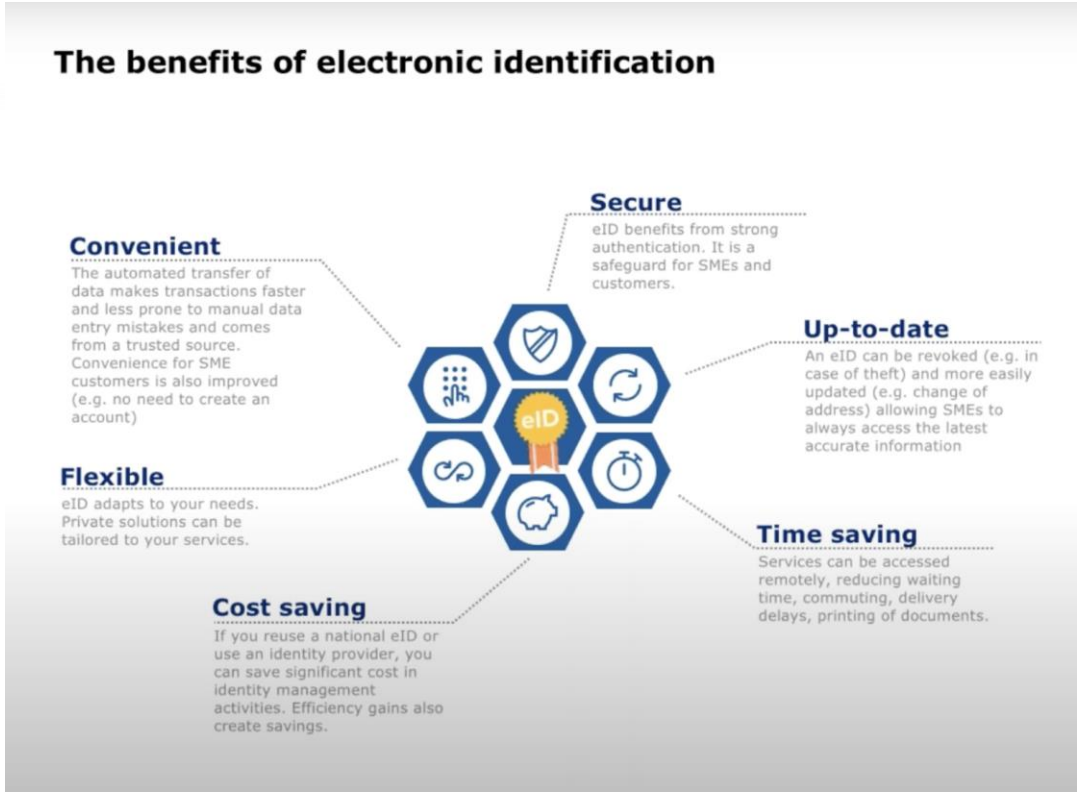
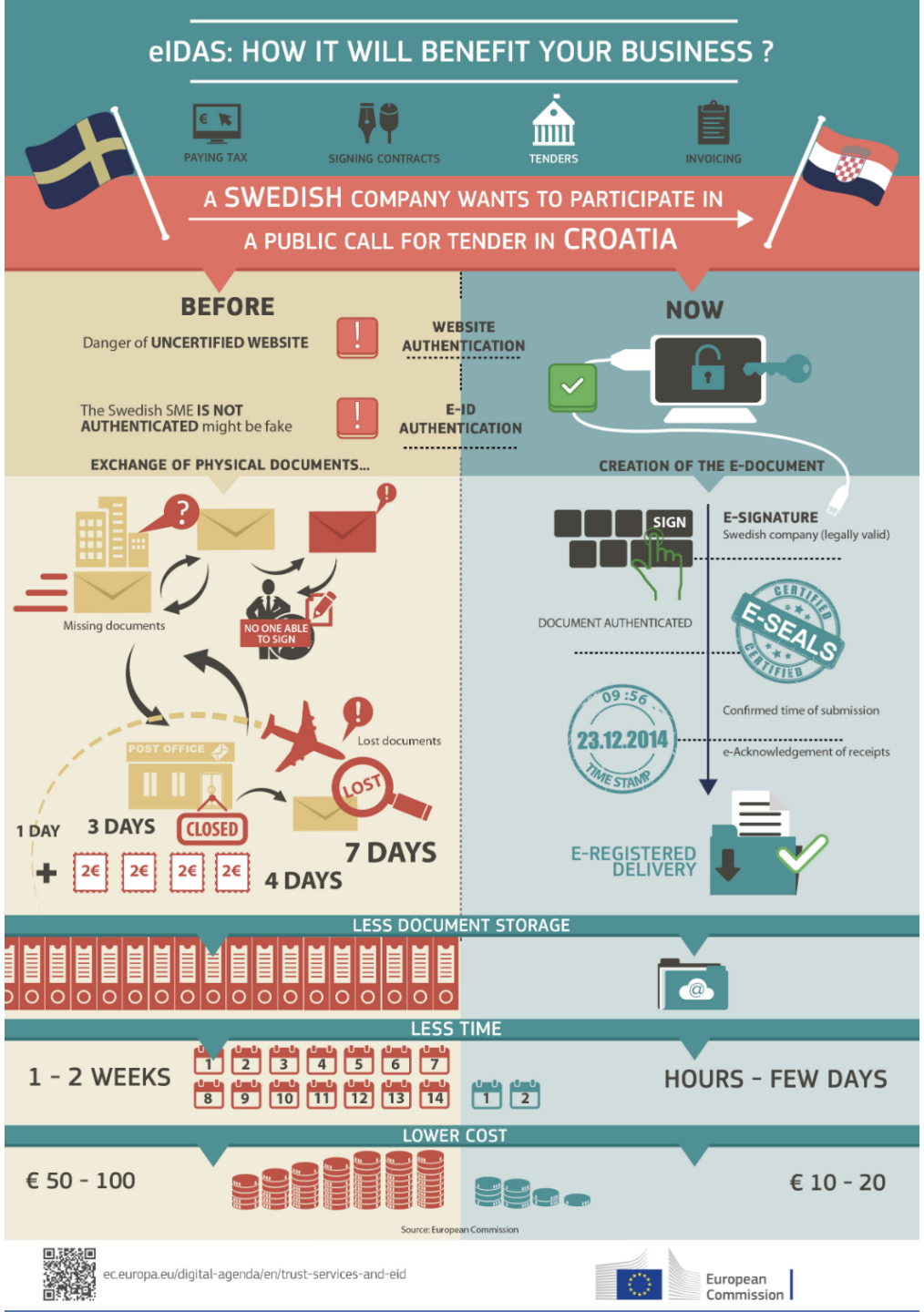
U Digital ID Wallet
ould EU citizens
e a Digital ID wallet?
66%
would use it.
THALES

BY 2030
the long-term objective is to have
80% of EU citizens
(around 400 million people)
using an identity wallet
Ursula Von Der Leyen
President of the EU Commission
Mitek

EU

The benefits of electronic identification





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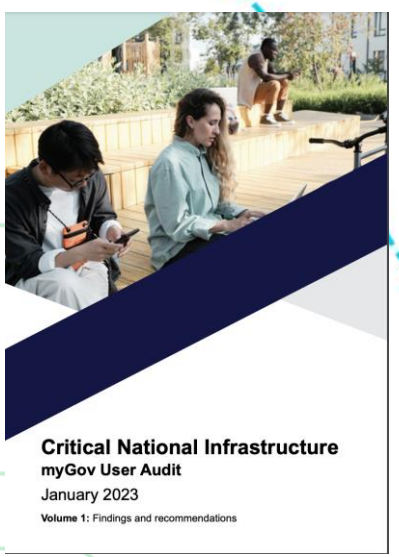
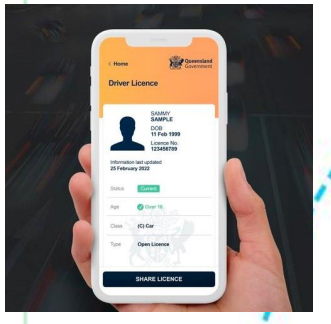
Australia - identity initiatives



Federal

At the federal level, this investment has included the creation of myGovID for identity verification to access government agency services and the Digital Transformation Agency's development of the Trusted Digital Identity Framework (TDIF), an accreditation scheme for digital identity services.

State



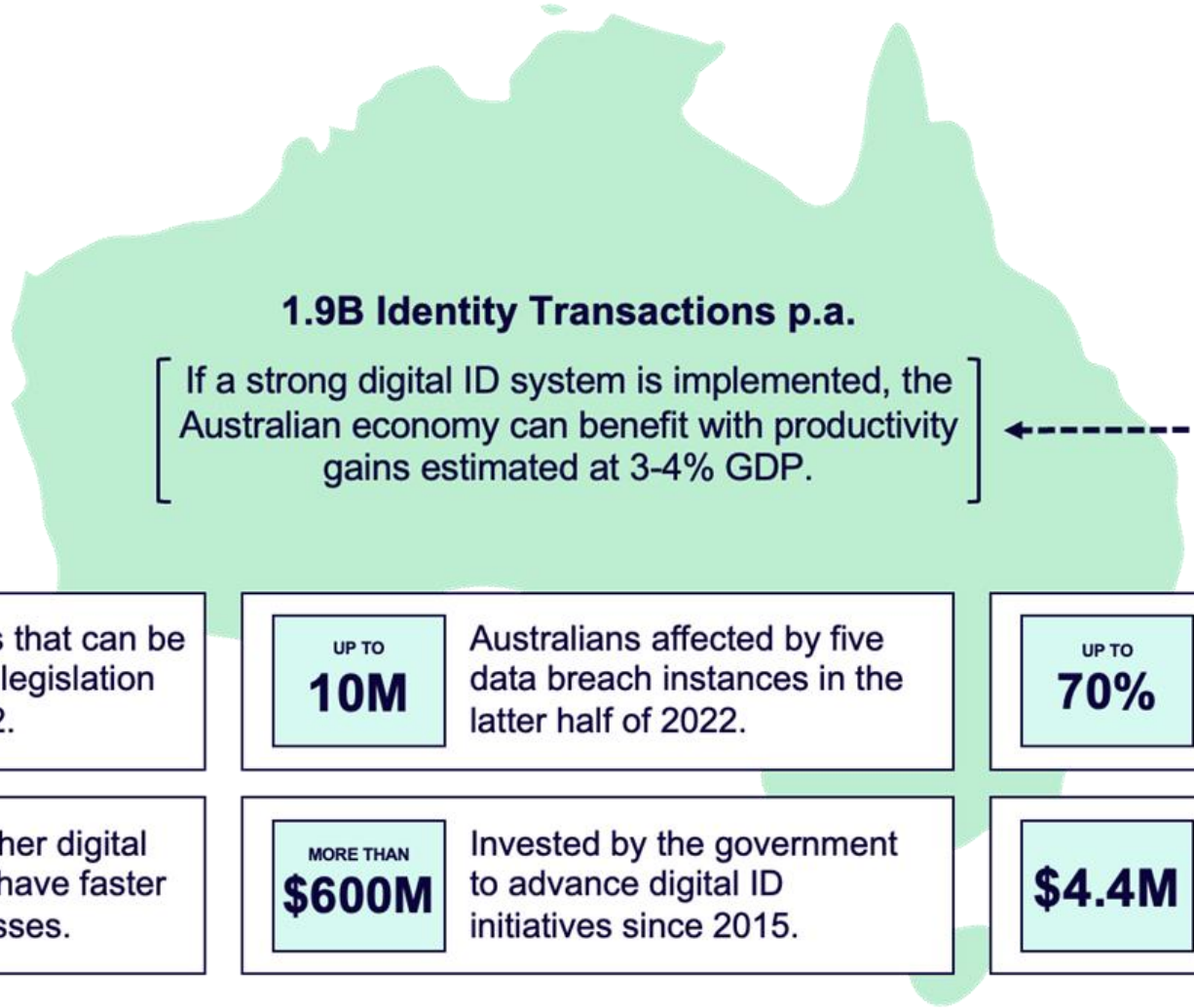
At the state level we have seen various initiatives to digitise identification documents and other credentials. For example, Service NSW and Service SA have both launched digital driver licenses, with Victoria and Queensland expecting to rollout similar programs in 2023 and 2024.

More broadly, the Queensland government released a Request for Proposal in December 2022 to develop a digital ID strategy and roadmap while Service NSW recently announced the selection of Mattr as its technology partner for a whole-of-government digital ID platform.[15]

Private

We have also seen solutions developed by the private sector, such as ID by Mastercard, Australia Post's Digital ID and a digital wallet from MEECO for storing verified credentials. There are also more traditional identity verification services for regulated know-your-customer use cases, but these can be costly and generally offer end users limited transparency into how their PI is being used.

Australia - ready fo economy-wide Digital ID



1.9B Identity Transactions p.a.

If a strong digital ID system is implemented, the Australian economy can benefit with productivity gains estimated at 3-4% GDP.

ConnectID …is equipped to do just that.

UP TO **$50M**	The potential fines that can be incurred following legislation introduced in 2022.
UP TO **10M**	Australians affected by five data breach instances in the latter half of 2022.
UP TO **70%**	Of total onboarding and regulatory compliance costs can be cut with digital ID
	Countries with higher digital ID adoption rates have faster onboarding processes.
MORE THAN **$600M**	Invested by the government to advance digital ID initiatives since 2015.
$4.4M	The estimated average cost of a data breach in Australia for businesses in 2022.

US - Mobile driver's licenses

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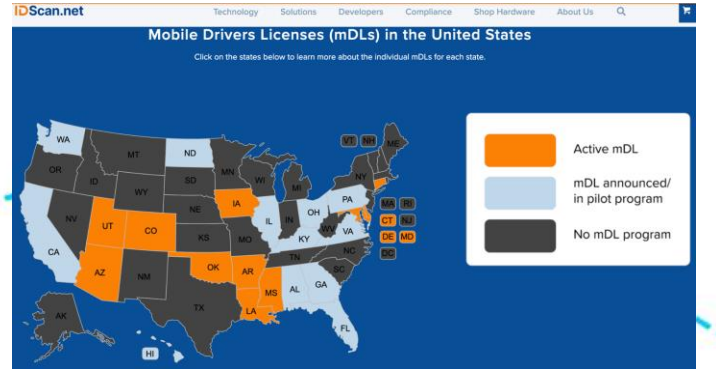
HARDWARE

Roughly 30 States Are Testing Adoption of Mobile Driver's Licenses

Technology to authenticate electronic identification is becoming widely available.



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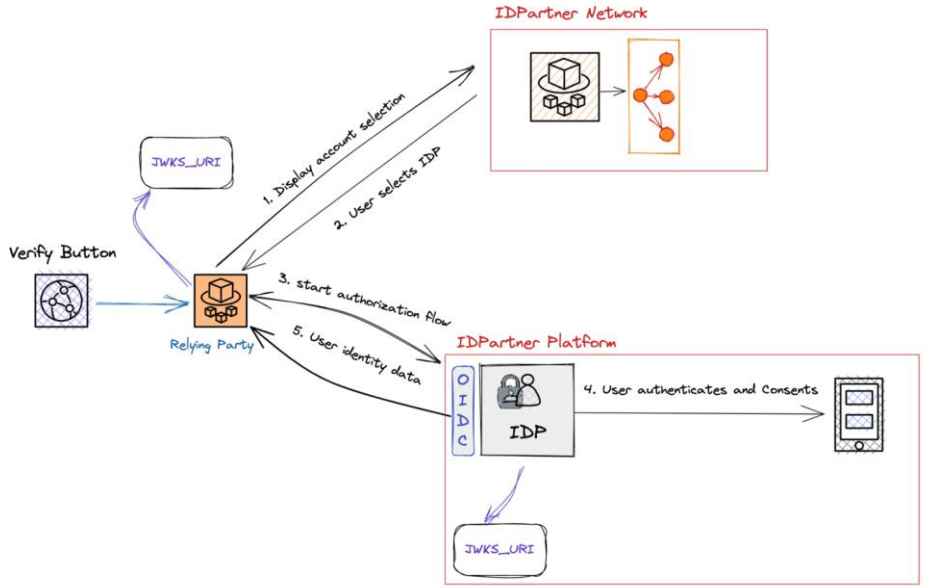
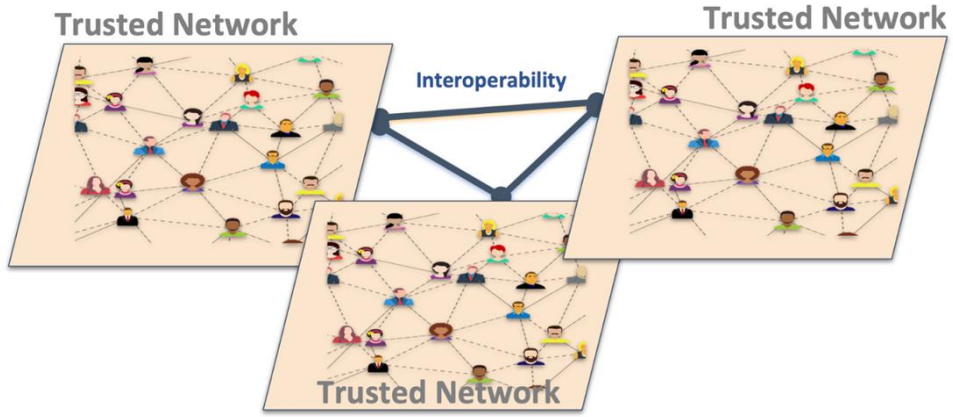
US - Private sector led Digital ID - ID Partner



Global initiatives

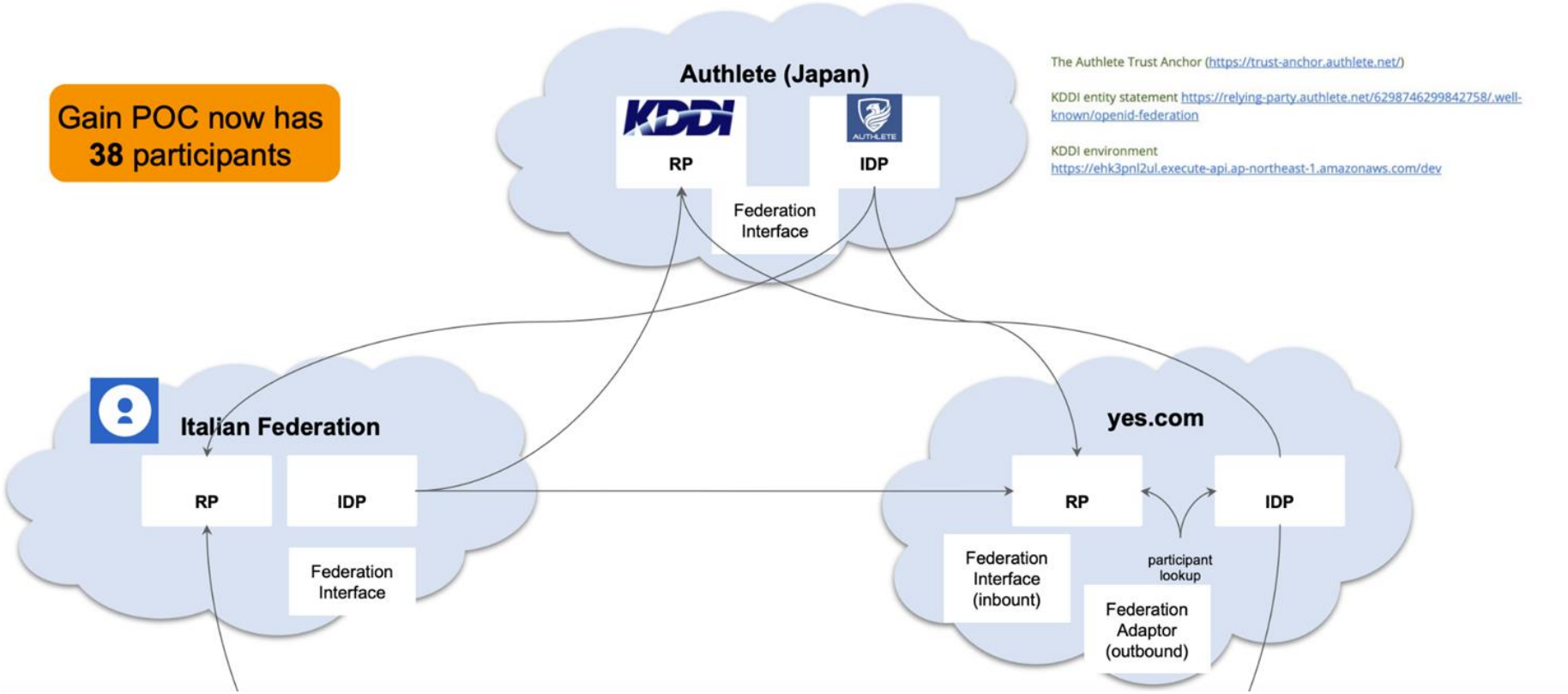
Global identity initiatives - GAIN

Connecting islands of trust



Global identity initiatives - GAIN - PoC

Gain POC now has **38** participants

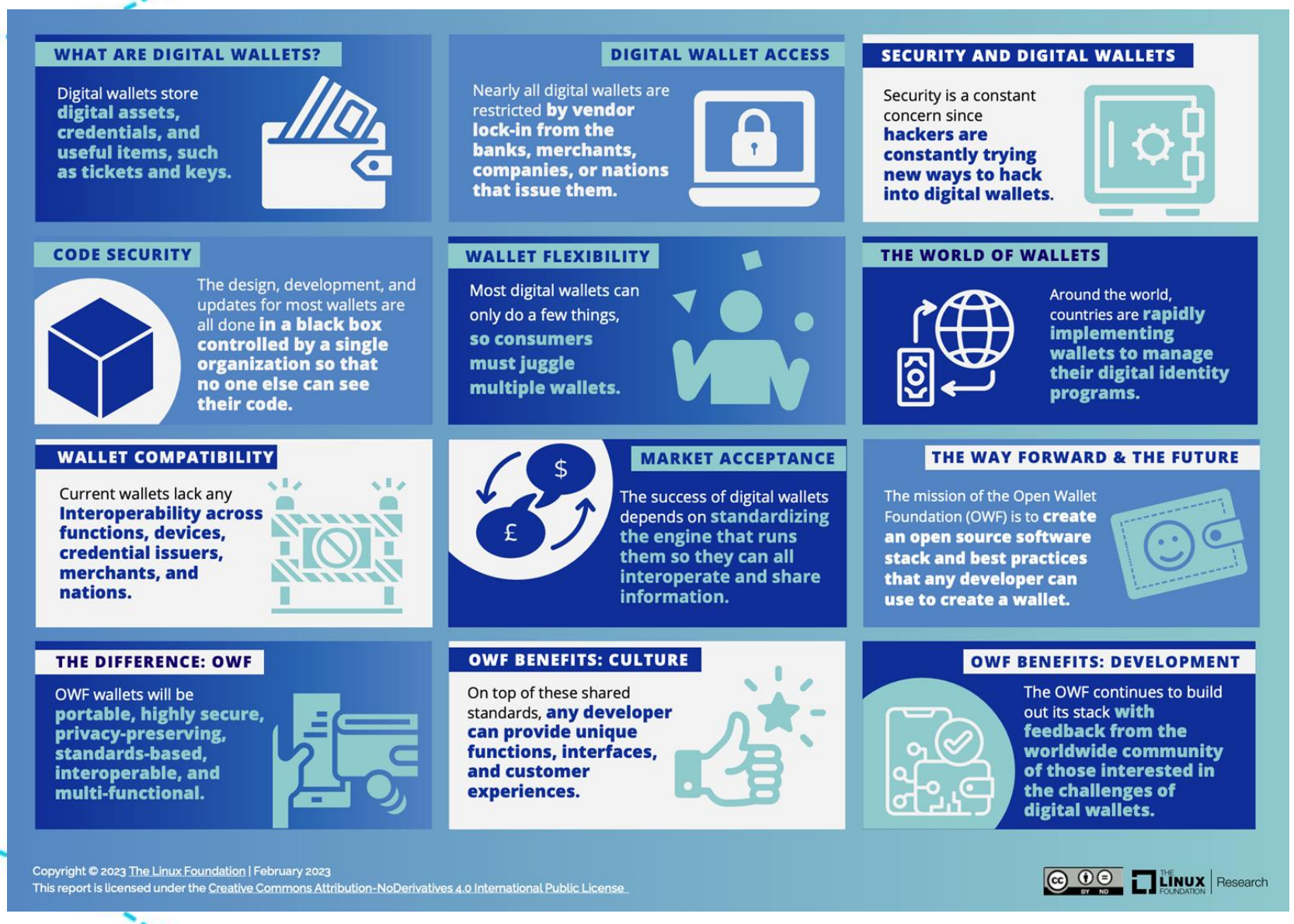


The Authlete Trust Anchor (https://trust-anchor.authlete.net/)

KDDI entity statement https://relying-party.authlete.net/6298746299842758/.well-known/openid-federation

KDDI environment
https://ehk3pnl2ul.execute-api.ap-northeast-1.amazonaws.com/dev

Global identity initiatives - Open Wallet Foundation



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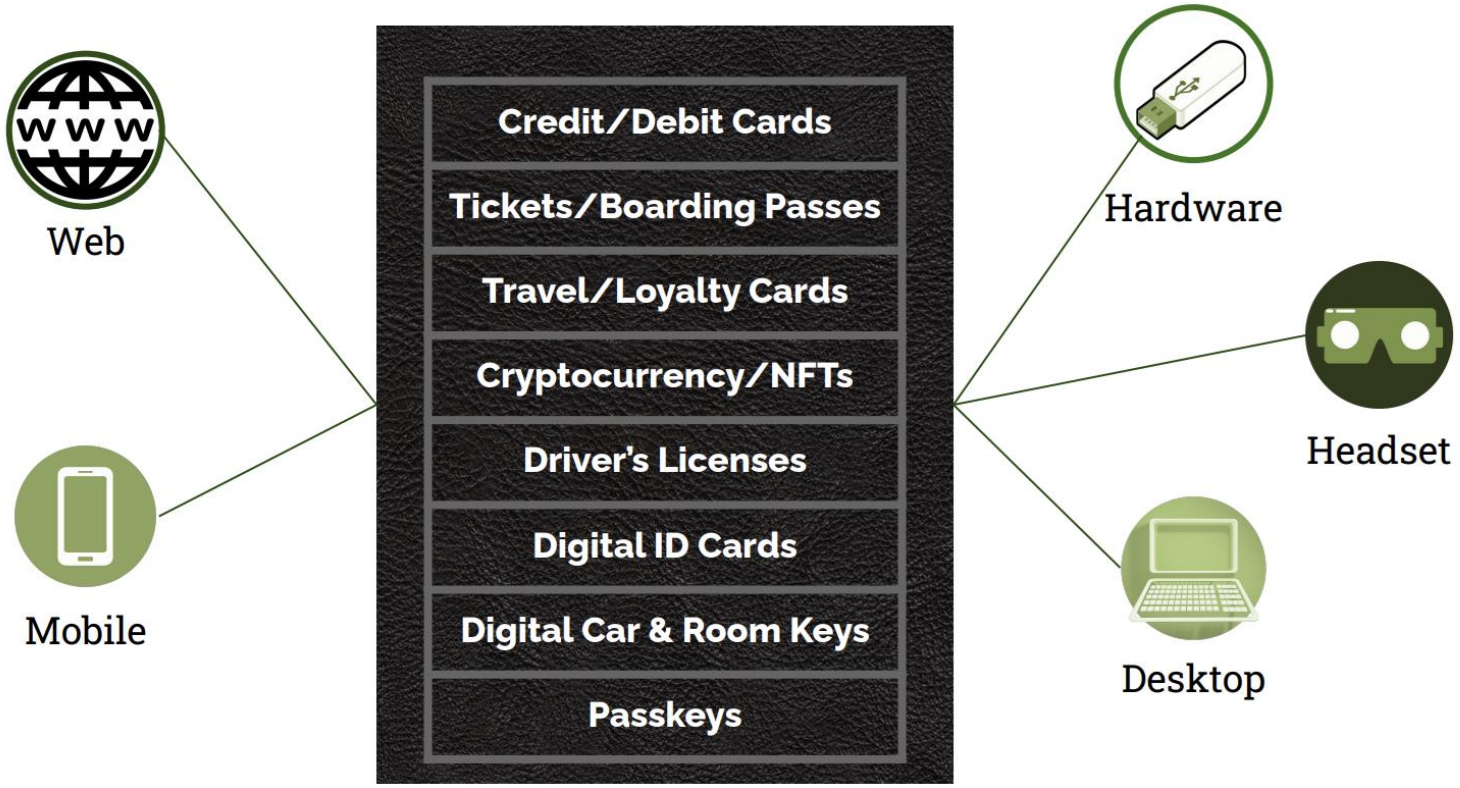

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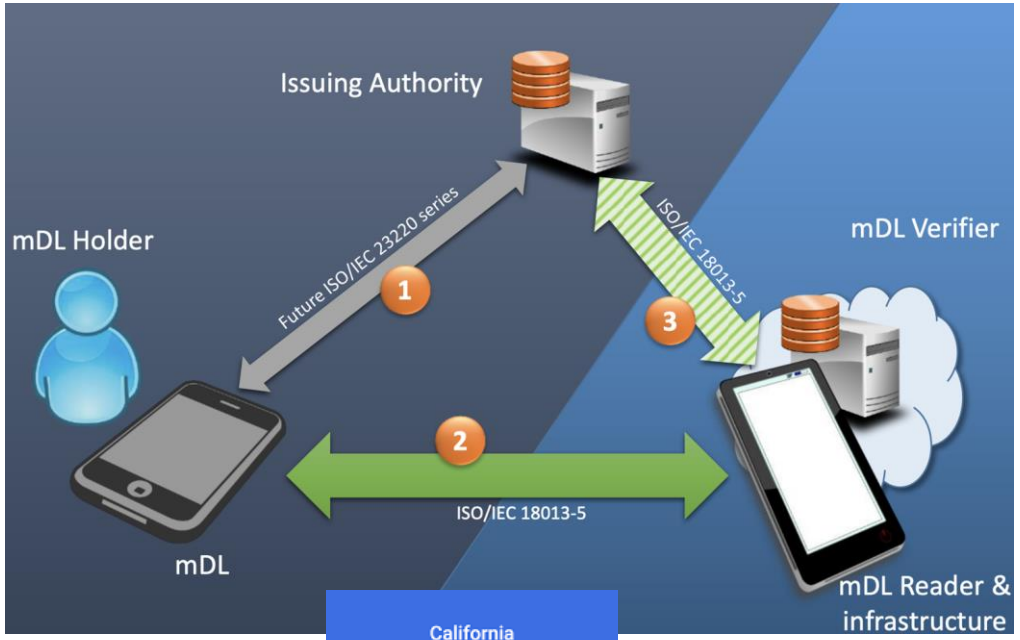
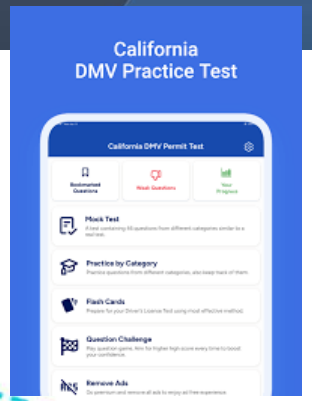
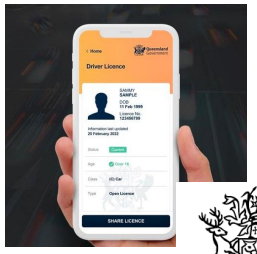
OpenID SECURE IDENTITY ALLIANCE TRUST Over IP FOUNDATION UNIVERSITAT ROVIRA I VIRGILI

Global identity initiatives - Mobile driver's licences



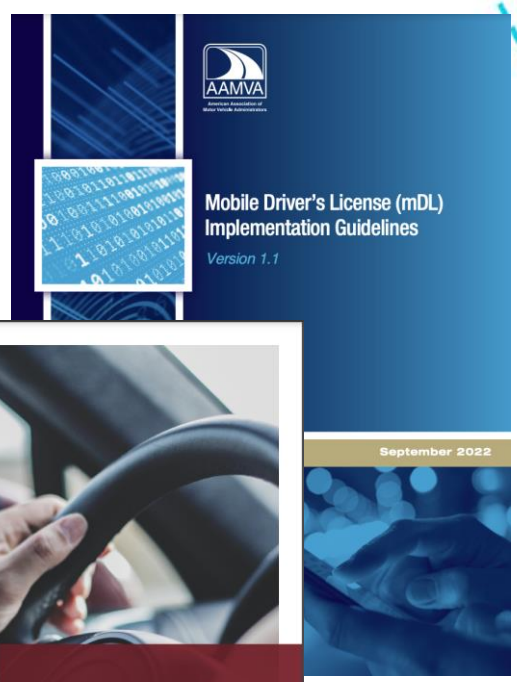


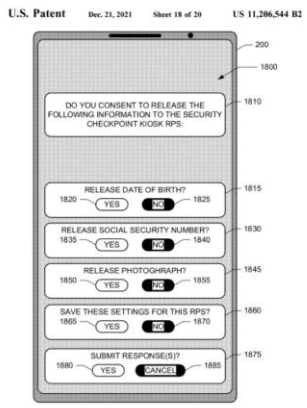
ISO

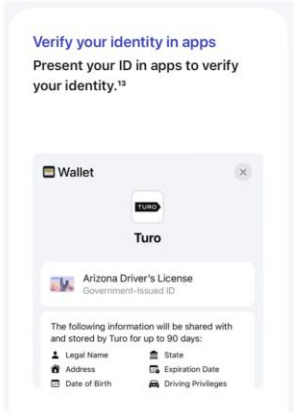


Queensland Government

TRANSPORTATION SECURITY ADMINISTRATION







More observations...

Digital Identity market will continue to grow

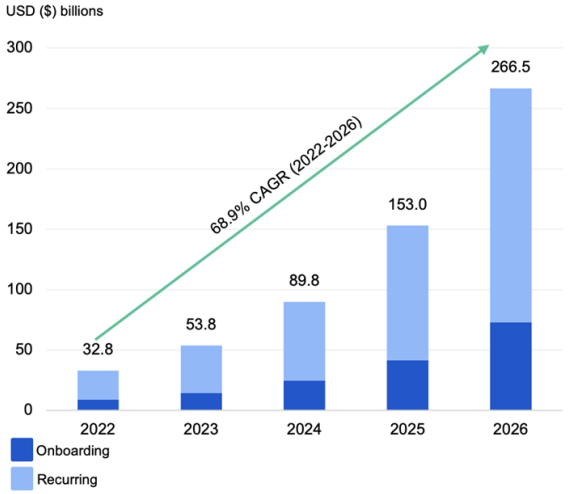
Increasing pressure:

- privacy
- security
- digitisation
- customer expectations

The global market size for reusable identity will reach $266.5B by 2027

This nascent market is poised for strong growth by 2027 with a 68.9% CAGR, driven by the predicted expansion from high assurance verticals into all verticals

Reusable Identity TAM (2022 - 2026)[1]



Notes: 1. Model is built on moderate adoption and moderate pricing

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TAM Scope

- **TAM represents the size of the global reusable identity market** and analyzes the market opportunity onboarding and ongoing support across eight core verticals: financial services, travel, digital commerce, entertainment, sharing economy, healthcare, social media, and government.
- **Onboarding use cases** include identity verification & KYC, document verification, identity proofing, biometrics, and fraud prevention.
- **Ongoing use cases** include authentication, fraud prevention, account monitoring, compliance and transaction monitoring, customer IAM, eSignature, and data privacy and consent management.

TAM Analysis

- TAM is $32.8B in 2022 and projected to grow at a CAGR of 68.9% to exceed $1T by 2029. Strong growth is projected beyond 2026, driven by network effects from the increased adoption.
- Onboarding initially accounts for 27.2% of TAM but its percentage slowly decreases over time, creating a shift towards ongoing support.
- Ongoing support will reach $193.8B by 2027. This covers use cases such as re-authentication, transaction verification, and account recovery.

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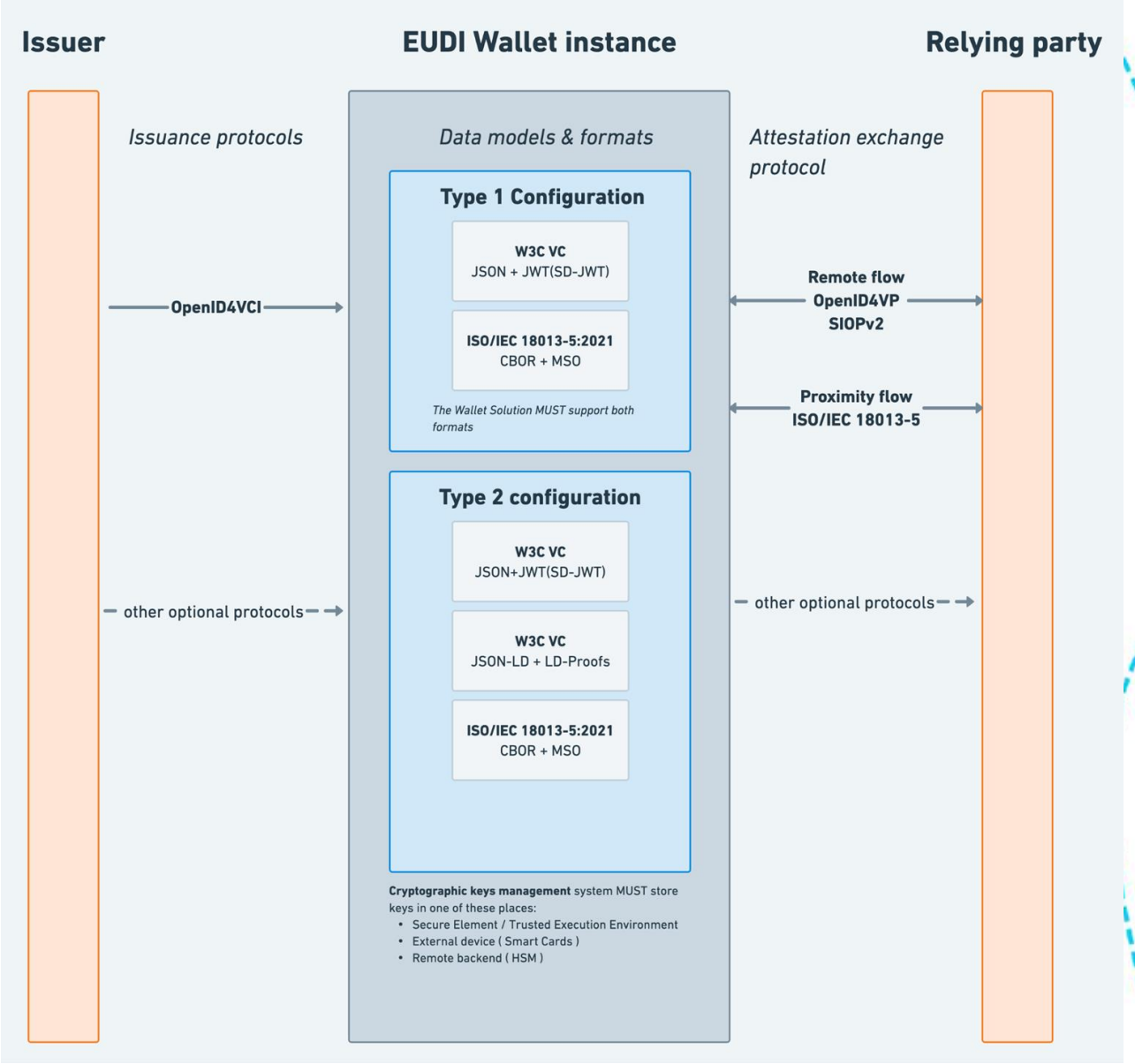
EU EIDAS 2

Starting to drive identity related standards and architectures globally:

- wallets
- OpenID4vp
- OpenID4vci
- ISO 18013-5
- SD-JWT
- OWF
- Trust management

Why the European Digital Identity Wallet will change the world.



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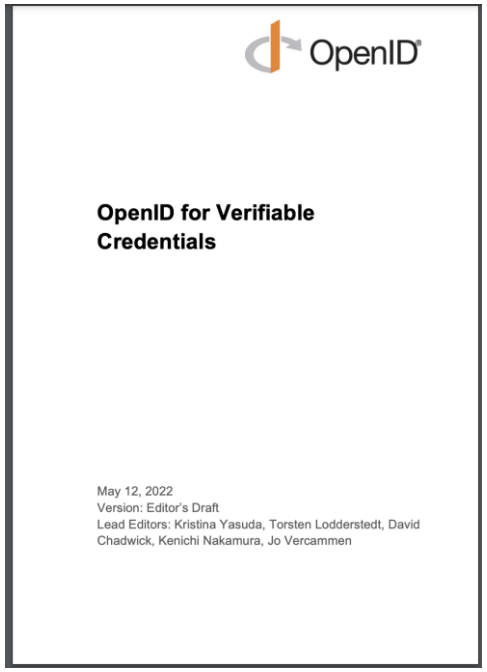
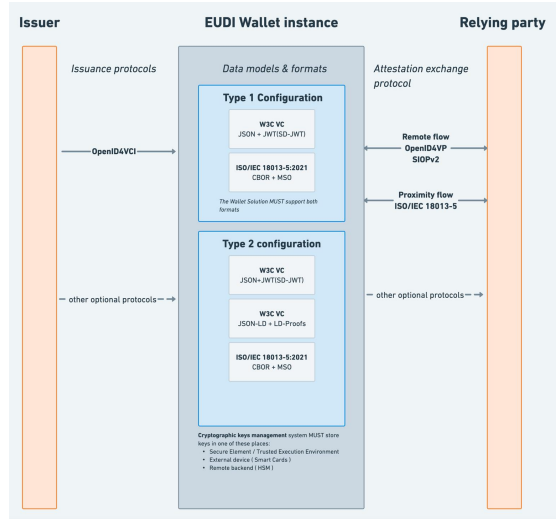
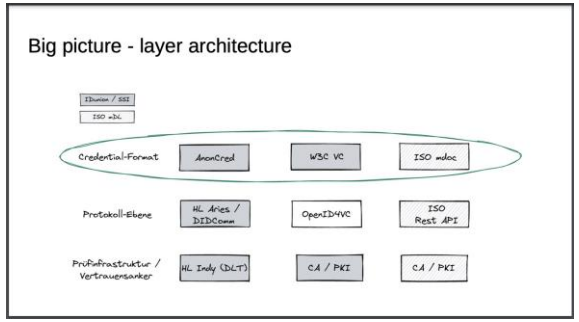
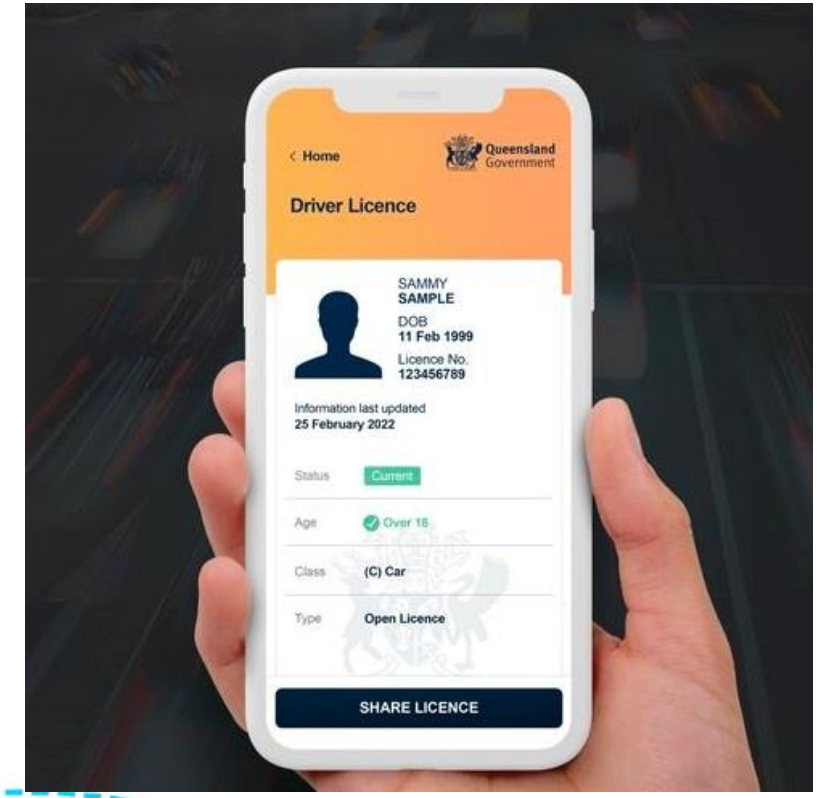
ISO MDL + OpenID + W3C VC practical convergence

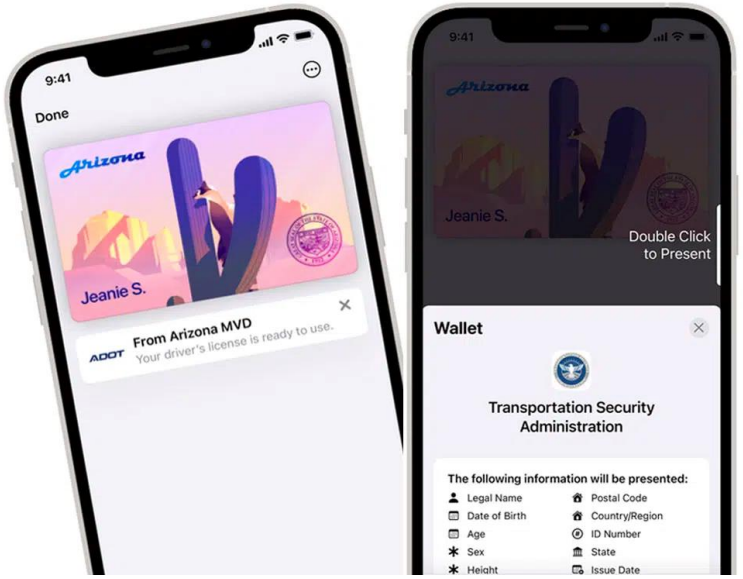






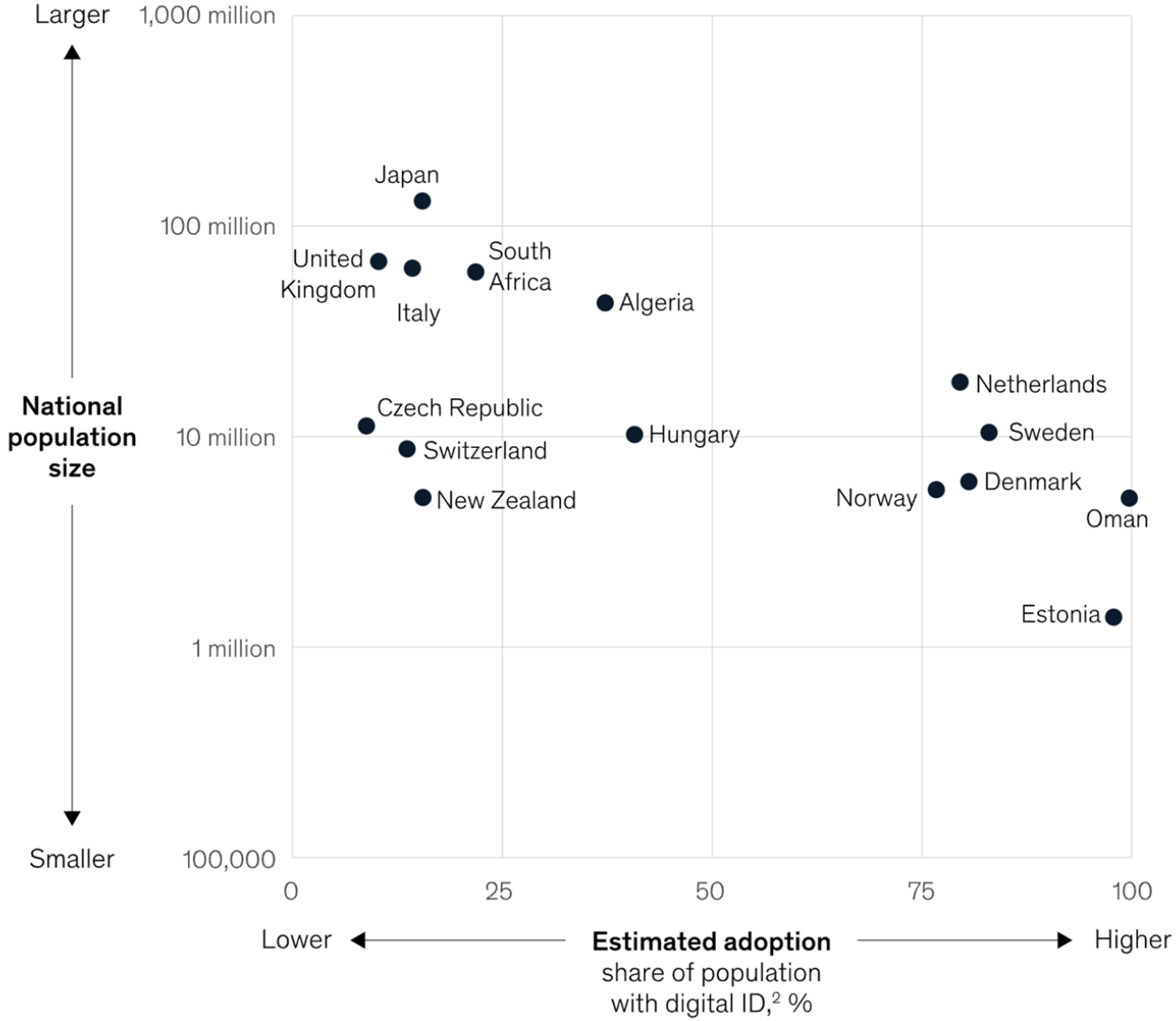
Digital driver’s licenses - rollout will continue





Adoption - coverage

Population size of selected countries and estimated coverage of digital ID solutions, by country[1]



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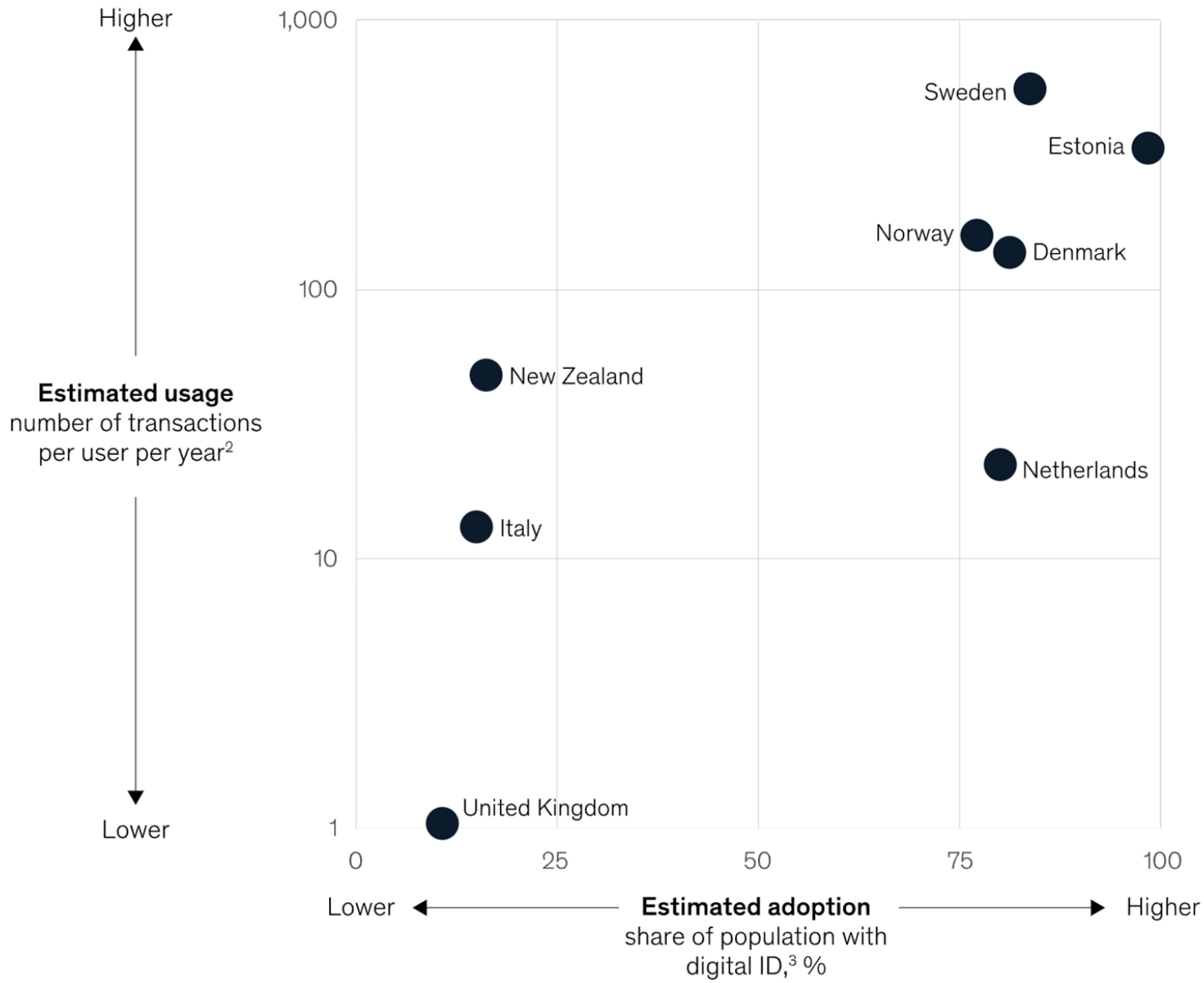
Adoption - usage

Estimated adoption rate and usage of selected digital ID solutions, by country[1]



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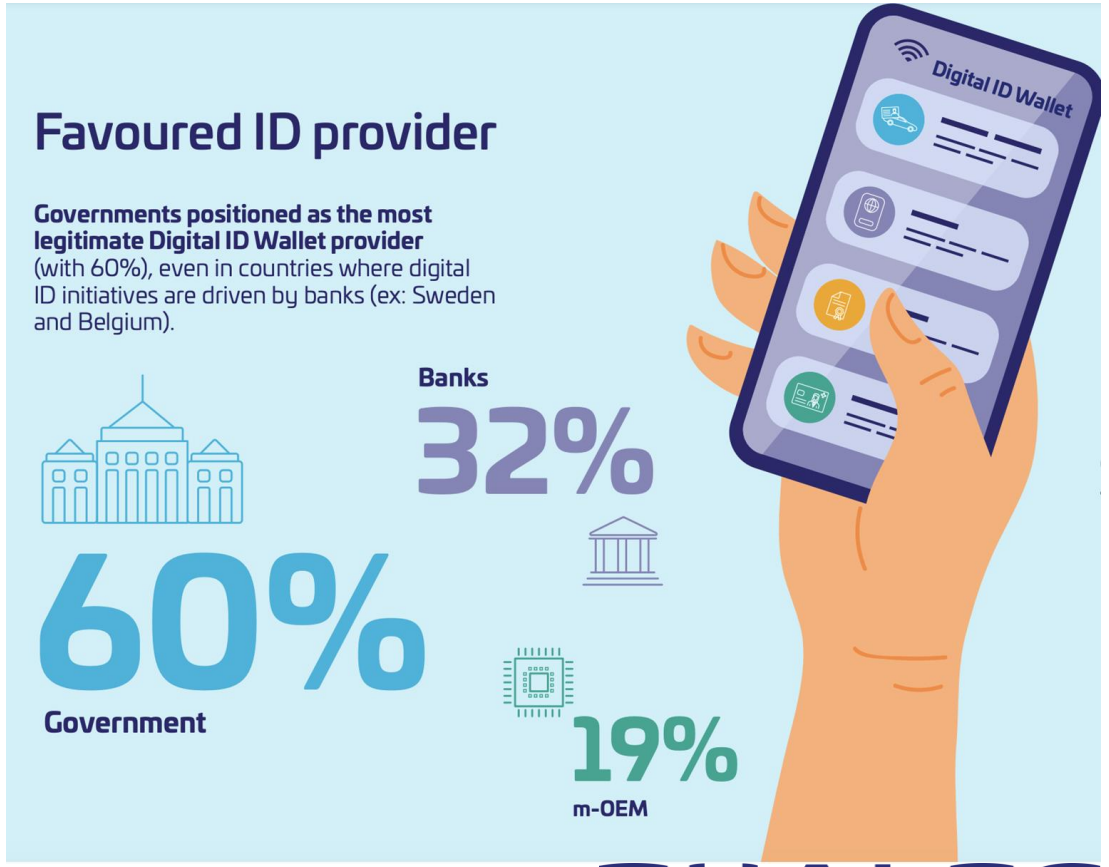
Choice of provider

- Government?
- Private sector? Banks?
- Tech platforms?
- Others?

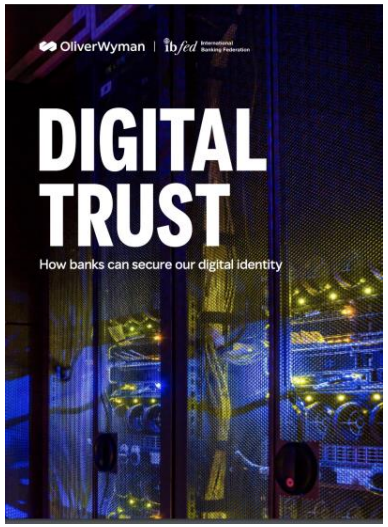
Use case

and jurisdiction dependent



THALES

Other observations..



- Banks can establish a cross-sector scheme, even without a government e-ID

- Banks, payment providers and tech companies are all able to deliver schemes (in China's case, with the state)
- Countries with large populations can accommodate competing schemes with different approaches

- Financial services can use their data to provide 'rich' identity services, e.g. frictionless insurance applications
- Payment service providers are moving into digital ID

- Collaboration between banks and telcos can accelerate schemes, supported by a history of collaboration

- Leveraging rich data from across sectors unlocks a range of services but presents a data risk

- Large countries unlikely to develop a single overarching scheme

- A scheme without good relying party use cases will struggle to build adoption

- Government e-ID can see fast adoption

- Digital identity schemes can be piloted with a smaller user base, like government officials

- Biometrics (including voice) are needed for enrolment where there is limited penetration of government IDs

- Enrolment using biometrics can provide citizens who previously had no government ID with a digital identity

- Universal adoption of an e-ID can transform public services like voting
- Government can create a digital ID scheme (leveraging e-ID), enrolling private companies as relying parties

- A government-led ecosystem can include private sector digital identity service providers

- Government can support private sector schemes by adopting for government use cases and investing

THANK YOU!
Questions?