# FS Club
## News Events Partnerships

# ID, A DIGITAL IDENTITY SERVICE BY MASTERCARD – YOUR DIGITAL IDENTITY, YOUR CHOICE

Dan Johnson, Vice president, Identity Products, Mastercard

Webinar

Wednesday, 13 January 2021, 11:00 GMT

# A WORD FROM TODAY'S CHAIRMAN

**Professor Michael Mainelli**

Executive Chairman

Z/Yen Group

# TODAY'S AGENDA

- 11:00 – 11:05   Chairman's Introduction

- 11:05 – 11:30   Keynote Address - Dan Johnson

- 11:30 – 11:45   Questions & Answers

**Dan Johnson**
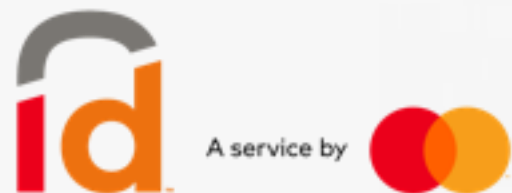
Vice president, Identity Products

Mastercard

# Building Trust in a Digital World

A Digital Identity Service by Mastercard

Your Digital Identity, Your Choice

Dan Johnson
13th January 2021

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# A quick poll

Which of the following biometric recognition technologies do you use on your smartphone device at least a few times a month? (select just one option)

a) Fingerprint

b) Facial recognition

c) Iris scan

d) Voice recognition

e) None

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# As our lives become more and more digital, how do we get started? On-boarding today is…

## Inconvenient

- Physical and paper identities don't support digital lives
- Accessing services is time-consuming and frustrating

## Insecure

- Security challenges are growing
- Risk of identity theft as passwords are vulnerable
- Prone to fraud

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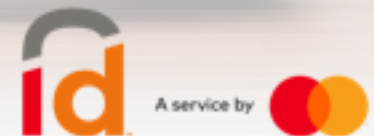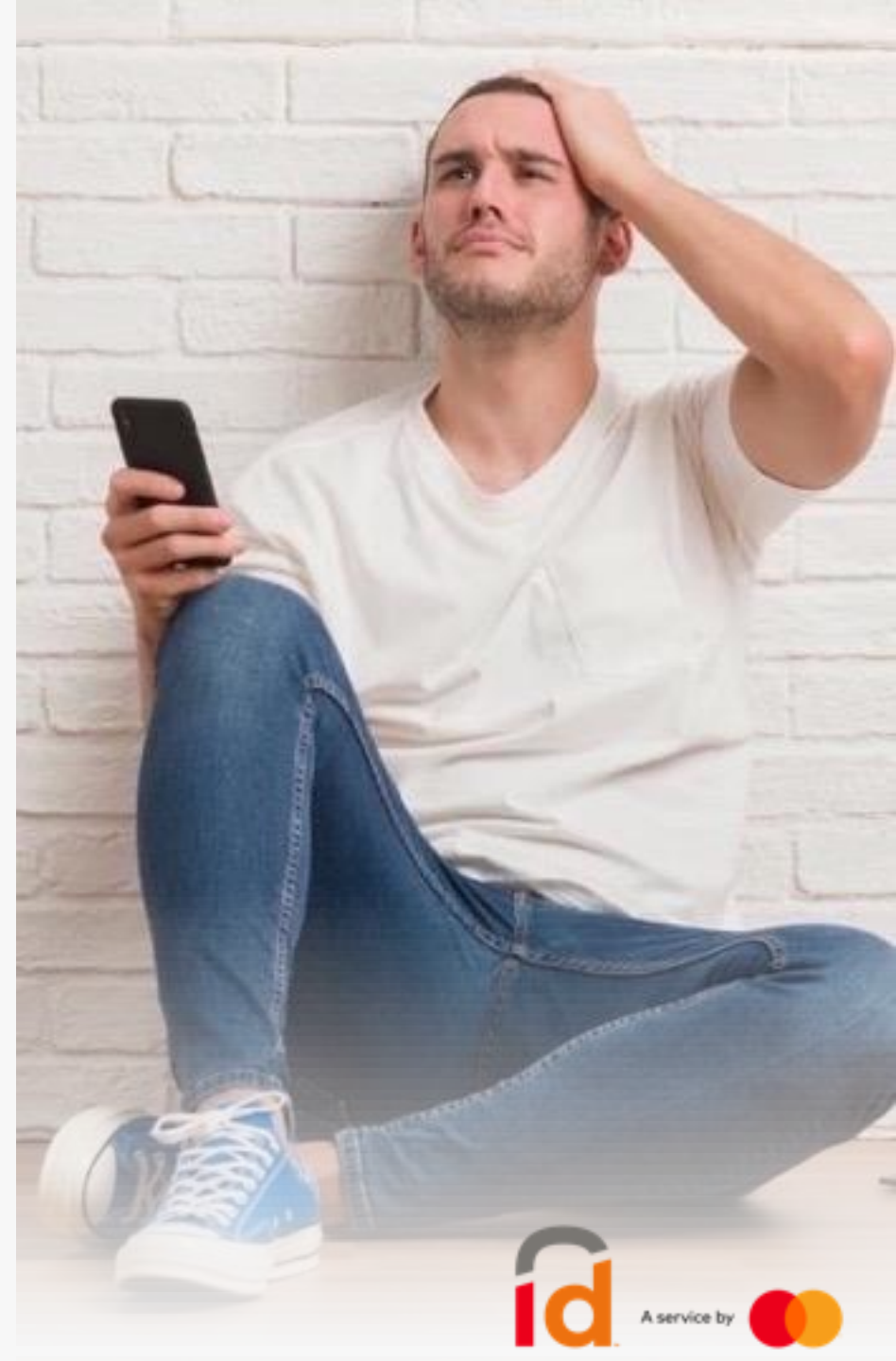
# Why is a globally interoperable digital identity important?

### Convenient

- A reusable digital identity, accepted everywhere
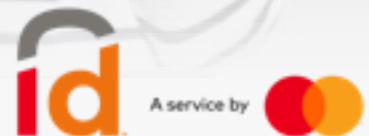- Supports both digital and physical interactions

### Secure

- Uses identity data that is dynamic and biometric
- Privacy by design

### Smart

- User is in control of their data
- Globally interoperable

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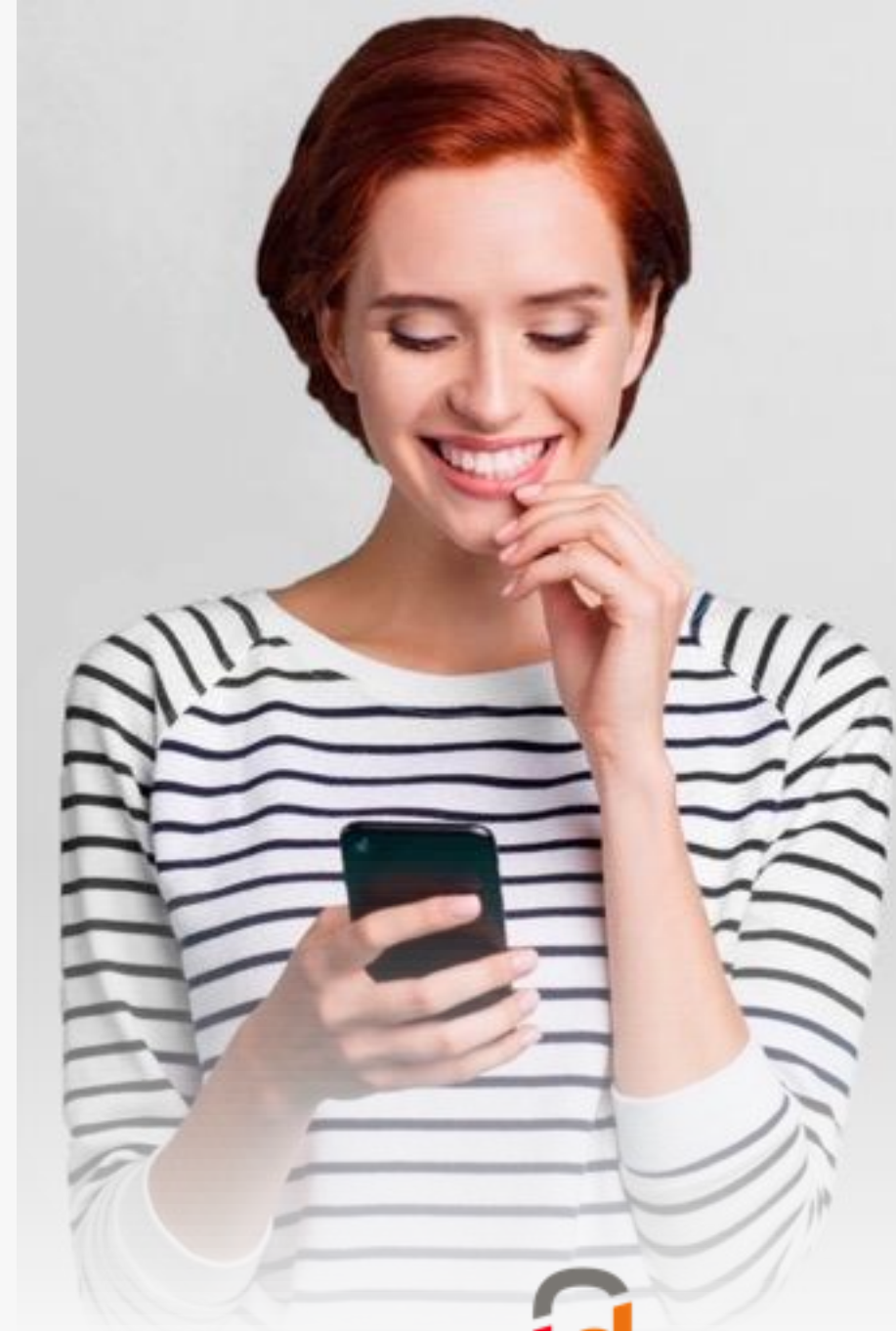
# Accelerating digitization has opened up opportunities for fraudsters to target online accounts

**Digitization is accelerating**

## +200%

increase in April 2020 of mobile banking registrations in the US

**Account takeover fraud is a real threat**

## 52%

of login attempts in 2019 were high risk[1]

**New accounts are especially hard hit**

## +88%

YoY growth in 2019 for U.S. new account fraud cases with credit card; 38% for new account fraud with bank accounts

1. NuData, 2019, Global

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REASON TO ACT

# The lack of adequate solutions to prevent online account fraud and offer a seamless user experience can have a **major impact on the bottom line**

Growth of digitization offers fraudsters more opportunities to enter the system

# +15%

Increase in total cost of account takeover and new account fraud in the U.S. in 2019

Inadequate ID&V solutions leaves a gap in a critical component of fraud mitigation

# $3.4B

in losses for U.S. lenders as a result of failure to accurately assess identity of new applications in 2018[1]

A sub-optimal user experience can lead to customer attrition

# 50%

of consumers say that a bad mobile experience makes them less likely to engage with a company[2]

1. Javelin, 2019 Identity Fraud Study
2. AMERICAN GRAPHICS INSTITUTE. ROI OF UX: HOW USER EXPERIENCE IMPACTS BUSINESS SUCCESS. 2017

# ID principles ensure convenience, security and smart control of personal data



Building Trust in a Digital World
Our Vision
March 2019

Click to view

Inclusion  Ownership  Simplicity  Confidentiality  Consent

Transparency  Security and Integrity  Data Rights  Fair Use  Choice

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# A model for Digital Identity

## The Collaborative ID Network



### Users
Ordinary people who want their digital interactions to be easier and more secure

### Relying Parties
Organizations that need to establish a User's identity to process a digital transaction or provide access to a service

### Trust Providers
Organizations with a trusted relationship with the User

### Identity Verification Providers
Authoritative sources that can verify identity documents or data

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# ID is the convenient, secure, and smart way to prove identity digitally

- ID reduces friction and injects trust in digital interactions via a collaborative ecosystem

- ID reduces risk and creates new business opportunities for social impact

- ID is an all-in-one digital identification service enabled on one's smartphone

- ID helps people complete everyday tasks faster, smarter, and with less hassle

- ID enables individuals to quickly verify their identity whenever needed

- ID gives control of where identity data is shared and protects privacy

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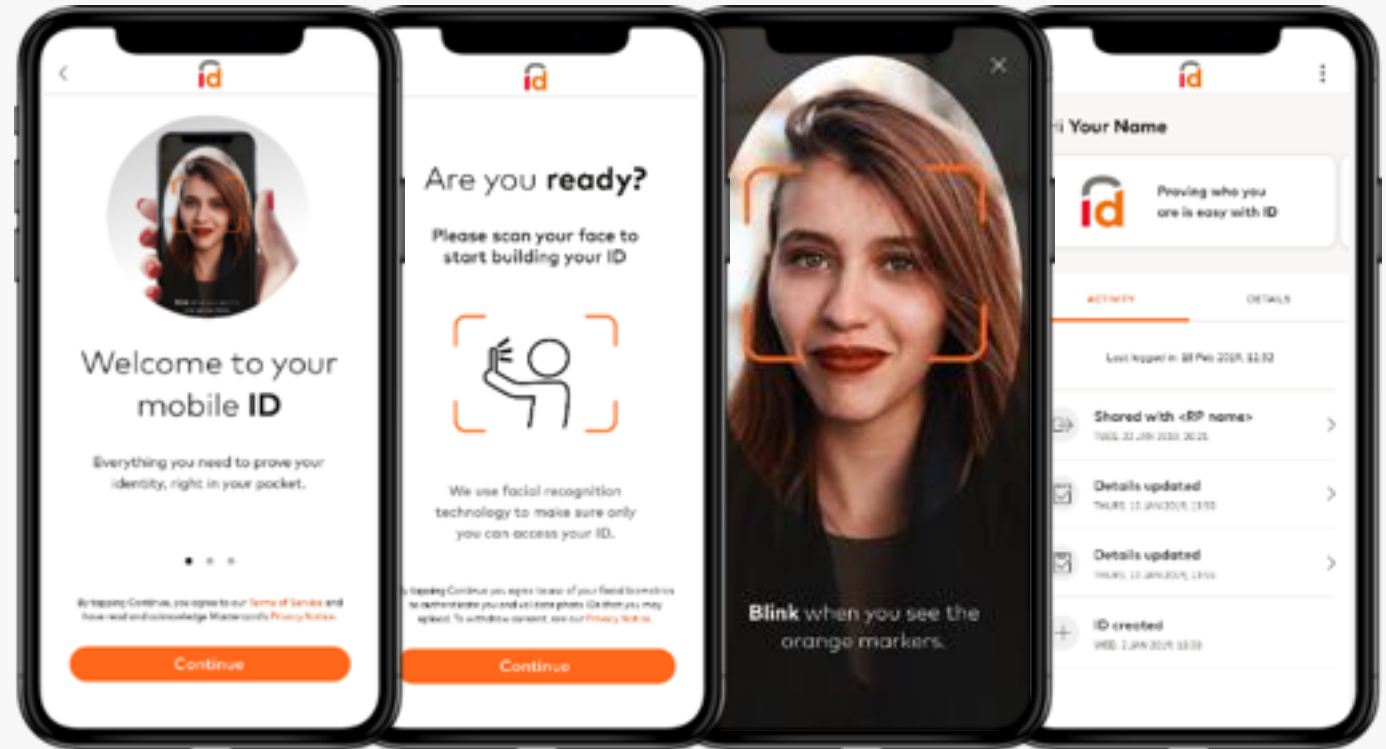
# Flexible, extensible, and scalable, ID meets the needs of all stakeholders, today and in the future
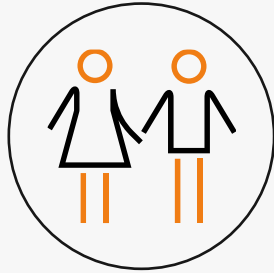
## Users

- Easy to use with reduced friction
- Can be reused whenever it's needed
- Peace of mind as they control their data—no data oversharing
- Can be used online and in-person
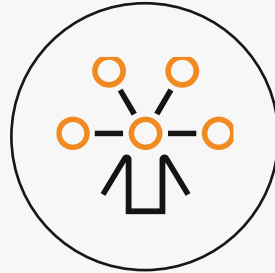
## Relying Parties

- More efficient way to verify customers
- Improves customer experience
- Eliminates manual and paper-based processes
- Reduces risks of identity fraud and losses
- Minimization of data on file
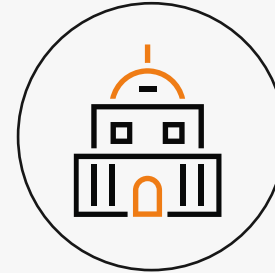
## Identity Verification Providers

- Extends relationship with customers
- ID service mobile plug-in
- Easy participation in ID acceptance network
- New revenue stream
- Enables cross-bank application onboarding
- Control point for new applications

## Trust Providers

- Single integration gives access to ID service customer base
- Easy participation to monetize identity data verification capability
- Opportunity to extend services into other markets and use cases

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# ID provides a more secure and convenient way to access services

**Employment and government**
- Job applications, background checks
- Filing taxes
- Entitlement benefits

**Secure, verified login**
- "Hi, it's me!" login with high assurance ID&V
- Secure access to online accounts
- Physical access

**Education**
- University application
- Course registration and test taking
- Student discounts

**Shopping, gaming, entertainment**
- Online gaming
- Age verification
- Digital payment with high assurance ID&V

**Health, medical, insurance**
- Book doctor appointment
- Check in at clinics
- Insurance claims submission

**Travel and transportation**
- Car rentals
- Flight reservations
- Book accommodations
- Sharing economy

**Financial services**
- Open bank account
- Apply for credit, loan
- Income verification

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# With ID, governments can provide citizens easier access to services, while reducing fraud and costs
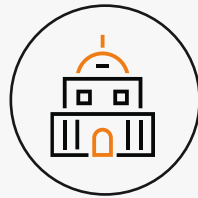
## Role as Identity Verification Provider

- Provide "sign of life" by providing access to agency data sources
- Improve digital access to services for all citizens
- Lower the costs and reduce errors of providing services
- Simplify foreign travel and overseas investment through a trusted identity
- Earn revenue for verification efforts
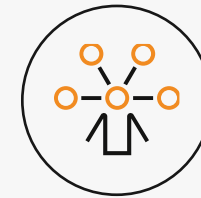
## Role as Relying Party

- Enable citizens to prove who they are without burdensome processes
- Citizen information always up-to-date and verified
- Boost economic growth
- Reduce fraud

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# With ID, financial institutions can offer more services to increase engagement and reduce onboarding costs

## Role as Trust Provider

- Connect Users to the ID service
- Increase 'stickiness' as users interact with financial institution during every identity transaction
- Seamless onboarding journey for users
- Earn revenue for authentication and identity sharing
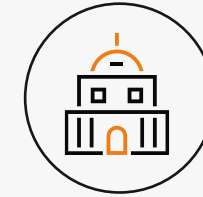
## Role as Identity Verification Provider

- Provide "sign of life" through aggregation of transaction analysis
- Provide account information and verification for the consumer
- Receive fee for verification effort
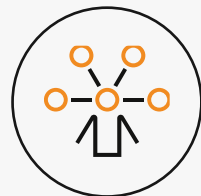
## Role as Relying Party

- Access up-to-date and verified information to maintain accurate customer data
- Improve and speed up onboarding new customers and applications for new services, products
- Reduce costs for maintenance and onboarding

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# With ID, organizations can improve user experience and reduce fraud
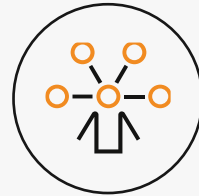
 **Role as Relying Party**

- Enable a more personalized and efficient shopping experience remotely and in stores
- Simple, seamless, and friction-free enrolment
- Comply with KYC regulations
- Allow overseas individuals to register and access services
- Reduce cost for consumer data maintenance and onboarding
- Increased assurance that the User is who they say they are
- Product reviews linked to actual buyers

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# Case Studies

Mastercard and Optus are working closely to engineer a truly unique experience for customers that will better protect their personal identity information while enhancing their seamless onboarding and checkout experience

https://newsroom.mastercard.com/asia-pacific/press-releases/mastercard-and-optus-bring-digital-identity-to-the-australian-telecommunications-industry/

# Why today's **high-friction** Identity & Verification solutions miss the mark

**The user must enter in a lot of biographical data – 14 questions in this example**
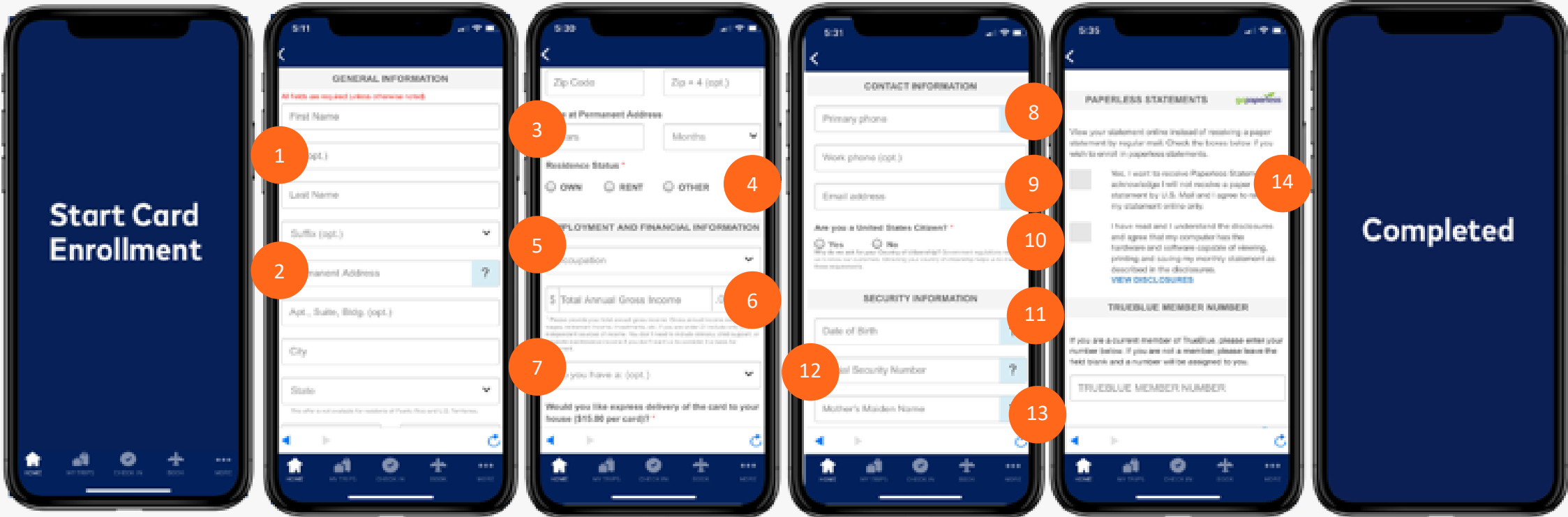
# Logging in to **Deakin University's exam portal** using digital id



**Start**

**Get started with your Digital iD**

**Create digital identity**

Students create a reusable digital identity in Australia Post's Digital iD™ app using either a passport or driving license.

The digital identity is stored securely on the student's mobile device.

**Generate QR**

To verify the user is who they say they are, Mastercard's digital identity service, ID, generates a unique QR code linked to the student's record in the Deakin database.

**Scan QR code**

The student scans the QR code using their mobile device, where their digital identity is securely stored.

**Validate identity**

This launches Australia Post's Digital iD™ app, where the user is asked to validate their identity using their personal PIN.

**Permit to send**

If entered successfully, the user is asked for permission to send their digital identity credentials to Deakin University using ID's highly secure network.

**Identity verified**

ID safely and seamlessly compares the student's digital identity created in Digital iD™ to the Deakin student database, securely verifying that the user is who they say they are.

**Log in the usual way**

Students visit the Deakin University exam portal, logging in with their usual username and password credentials.

**Admission success**

With Deakin able to verify the student's identity remotely, the user is admitted to Deakin University's exam portal.

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# Health Pass

## Enabling the travel economy - through C19 and beyond.

Health Pass addresses the need to request, verify and trust data relating to individuals in and around the travel environment. All this is done in a way that respects individual privacy, keeps data secure, and puts the individual in control of their data.

Passengers' data is stored on their own devices and shared/verified securely by them across the E2E travel process, enabling compliance with complex GDPR guidelines.

## End-to-End journey for the pilot



### HEALTH CHECKS

Healthcare checks/credentials will be an **intrinsic part of travel and aviation** for the foreseeable future. Health Pass enables fast digital verification of health credentials issued both within the airport and prior to travel using private and public-sector health providers

### GDPR

Requesting and/or retaining healthcare data has GDPR implications, it is desirable for such **records to be held by the passenger/employee and shared via explicit consent** where appropriate. Health Pass enables this

### AIR CORRIDORS

The service runs on **open and globally interoperable data standards**, it can support any healthcare credentials and can be embedded in pre-departure or on on-site processes across **both outbound and inbound processing**

### DIGITAL TRAVEL CREDENTIALS

Ultimately the service can be extended beyond health credentials to any contactless identity credential (passport, visa, ticket etc), enabling passengers to securely **share any digital travel documents across the travel experience**

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Why partner
with Mastercard

# Mastercard and Digital Identity: Building Trust in a Digital World

## Our Vision

Mastercard provides simple and secure digital identity services for users interacting with application services across multiple verticals (payment, non-payment) and countries that enable them to be known with assurance, in a manner sensitive to their privacy and data rights.

## Our Role

- Orchestrate digital interactions as a user champion
- Establish the service platform and network
- Define the operating rules and governance
- Deliver and operate the service with partners
- Attract and service customers

## Our Relevance

- Global footprint across 210 countries and territories
- 23,000 bank partners and 50 million merchant relationships
- Experience in governance and operating networks
- Commitment to invest in a global infrastructure
- Evolution of digital payment interactions

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The digital world will shift further from passwords, with digital IDs accessed through biometric systems that will become the primary means by which people will prove who they are.

Companies will need to create a collaborative network and ethical standards for digital IDs so that each person can have a reusable digital identity that works.

ID, a digital identity service by Mastercard, brings convenience, security, and control to digital interactions.

Building Trust in a Digital World

# A final poll

What entity would you trust to provide this digital identity service? (select all that apply)

a) My bank

b) My Government

c) My mobile operator

d) Big digital players I normally deal with (Apple, Google, Facebook)

e) Payment Network providers (Mastercard)

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# Convenient. Secure. Smart.

For updates, our thought leadership papers, press releases, event participation, FAQs, and more, visit www.IDservice.com.

# QUESTIONS AND ANSWERS

# THANK YOU FOR LISTENING

**FS Club**

**Forthcoming Events**

- Thursday 14 Jan (10:00)      Addressing Data Privacy: Managing The Risk Of Future Liability

- Friday 15 Jan (12:00)      2021: The Road to Net-Zero Finance

- Monday 18 Jan (10:00)      Patient Capital: The Key To Rebalancing Financial Markets?

- Tuesday 19 Jan (09:00)      Psychology Of Leading A Hybrid Workforce

- Wednesday 20 Jan (09:00)      Financial Centres Of The World 2021: Focus On Dubai

- Thursday 21 Jan (10:00)      An Update On EU Financial Services Legislation & Associated Initiatives

- Friday 22 Jan (12:00)      Owning Your Place In A 21st Century Economy

**Visit https://fsclub.zyen.com/events/forthcoming-events/**