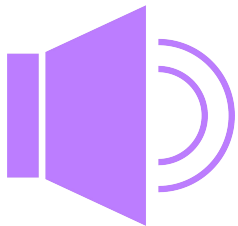# Regula

Is Digital ID a Weapon
to Break Up the Traditional
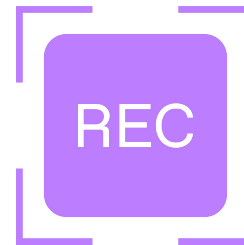Identity Verification Market?

Housekeeping

Trouble with audio?
Try dialing in!

Submit your questions live
for our Q&A at the end

We're recording!
We'll email you the link

Name/Surname

Henry Patishman

Business role

Executive VP of Identity
Verification Solutions
at Regula

Name/Surname

Nick Pope

Business role

Director Security & Standards Associates, and Chair ETSI Technical Committee on Electronic Signatures and Trust Services

Regula Key Facts

32

years in the industry

14,000+

the most comprehensive library of identity documents from 250 countries and territories

100%

in-house R&D

170+
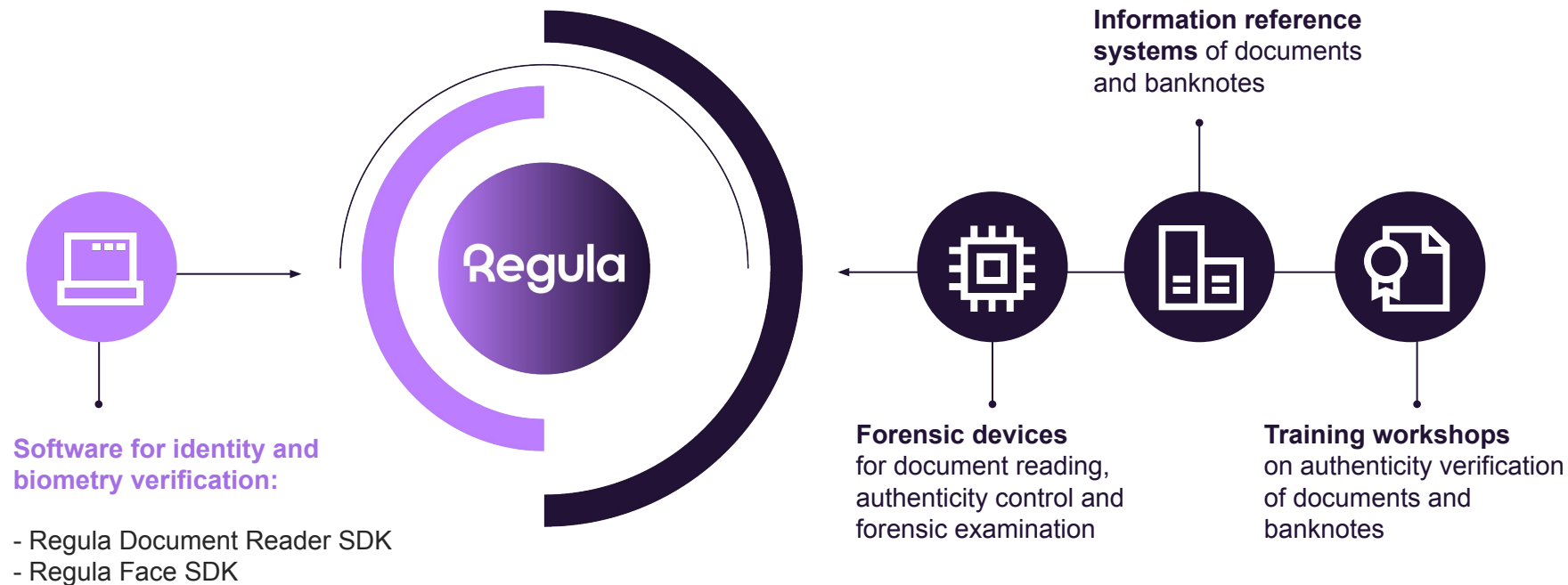
countries covered by Regula solutions

80+

border controls globally equipped with Regula solutions

1,000+

clients

Regula Product Portfolio

We are the only company providing complete high-quality analysis of security features embracing four spheres

Information reference systems of documents and banknotes

Software for identity and biometry verification:

- Regula Document Reader SDK
- Regula Face SDK

Forensic devices for document reading, authenticity control and forensic examination

Training workshops on authenticity verification of documents and banknotes

Digital ID - Definition

An electronic equivalent of an individual's identity card that can be authenticated remotely over digital channels.

Useful

Fit for purpose

Inclusive

Offers of choice

Secure
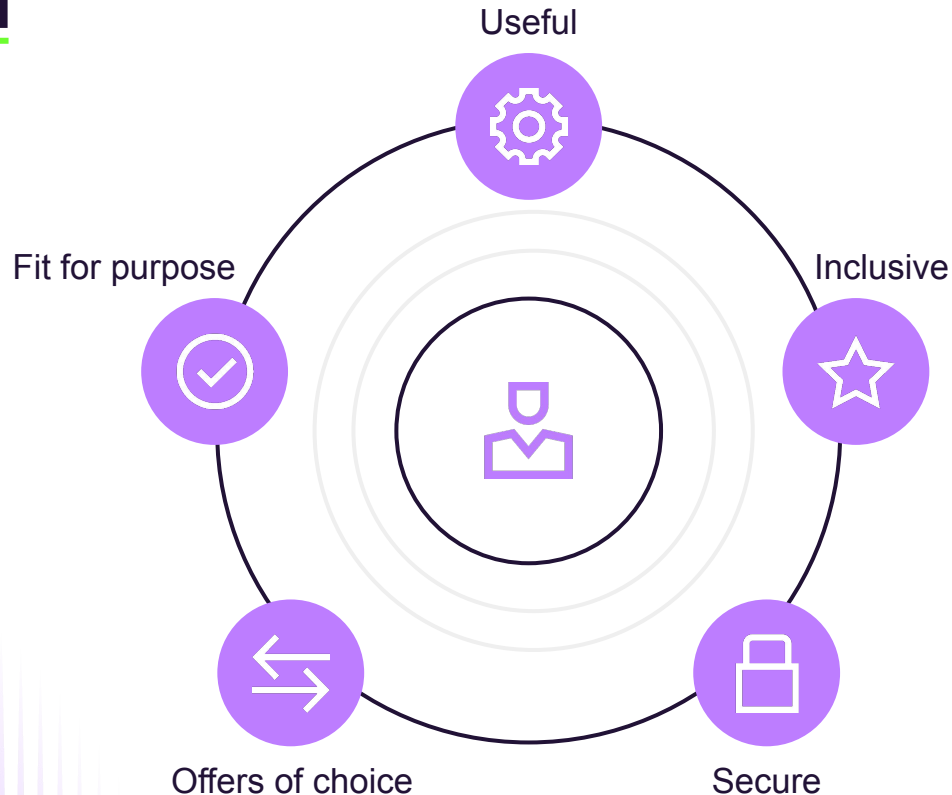
Digital ID - Why?

→ A way to prove identity electronically

→ Makes things easier for citizens, businesses and governments

→ Enables economic value by fostering access to goods and services

→ The right of every person to have a digital identity that is recognised everywhere

Digital ID in Europe - How It Began

European Commission: Everyone should control their digital identity
—>> the EU Digital Identity Wallet is the means to achieve this goal
—>> 100% of EU citizens to have access to Digital ID by 2030.

2021

2014

Adoption of the eIDAS regulation
—>> Nationally based eIDs are used to
access public services online with cross
border recognition
—>> Limited adoption and
cross-border use

2024

Regulation (EU) 2024/1183 published
Establishing European Digital Identity
Framework

IDV Market Demise.
Is It Coming?

A Commissioned Study Conducted by Forrester Consulting on Behalf of Regula

FORRESTER®

How would you rate your organization's **awareness and understanding of digital IDs?**

In the next 3 to 5 years, how do you foresee the relevance and **necessity of physical document verification?**

How far along is your organization in **digital ID strategy implementation?**

How do you expect the adoption of **digital IDs to impact your organization's revenue?**
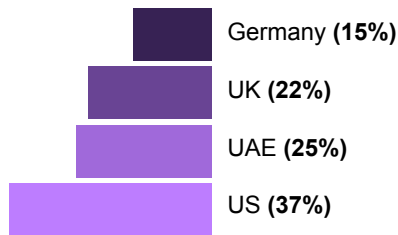
What do you consider the most significant **negative impact of digital ID adoption?**

A Commissioned Study Conducted by Forrester Consulting on Behalf of Regula

FORRESTER®

The custom survey began in January 2024 and was completed in April 2024

COUNTRY

- Germany **(15%)**
- UK **(22%)**
- UAE **(25%)**
- US **(37%)**

LEVEL OF RESPONSIBILITY

- Final decision maker **(38%)**
- Part of a team of decision makers **(43%)**
- Influences decisions **(19%)**

EMPLOYEE SIZE

- 500 to 999 employees **(23%)**
- 1,000 to 4,999 employees **(33%)**
- 5,000 to 19,999 employees **(25%)**
- 20,000 or more employees **(18%)**

INDUSTRY

- Technology services **(23%)**
- Financial services **(22%)**
- Telco **(20%)**
- Aviation **(18%)**
- Government **(17%)**
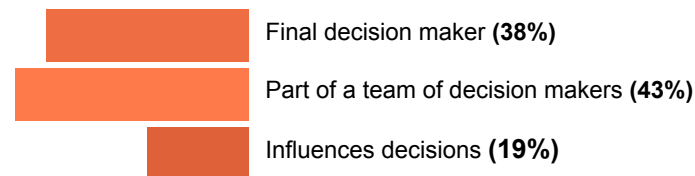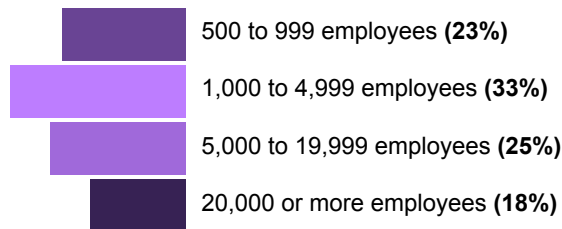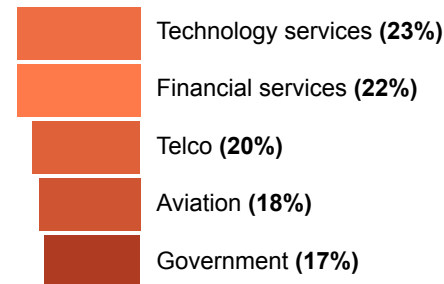
Digital ID Awareness

➔ Most of the companies - 81% - are aware of what a digital ID is

➔ 49% have a high to very high awareness of digital IDs and are ready to implement

➔ There is no significant difference among different regions: the level of awareness is high in all countries, only in the US the awareness is slightly lower - **74%** have high to moderate awareness

Very high awareness and thorough understanding — **49%**

Moderate awareness and general understanding — 32%

Limited awareness and basic understanding — 13%

Minimal awareness and no real understanding — 6%
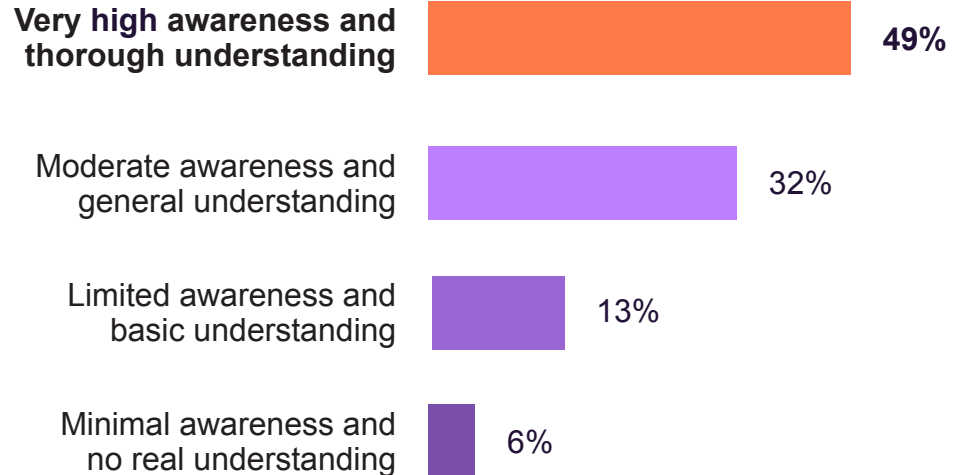
Q2.How would you rate your organization's awareness and understanding of Digital ID? (Select one)

Use Cases

→ Digital ID use cases are the same with traditional IDV use cases

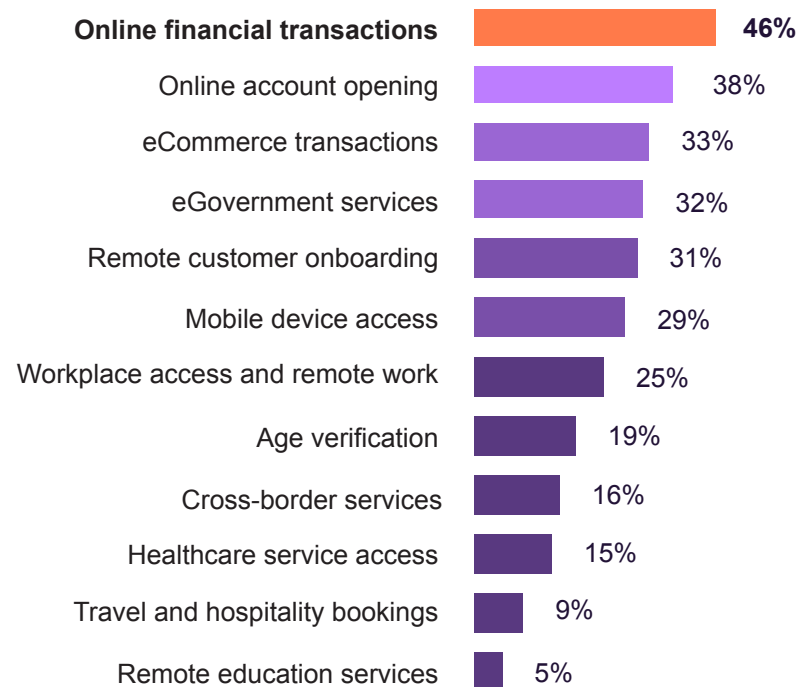→ The financial sector is leading with online transactions and online account opening at 46% and 38%

→ 50% in UK consider eGovernment services will benefit most of all

Use case	Percentage
Online financial transactions	**46%**
Online account opening	38%
eCommerce transactions	33%
eGovernment services	32%
Remote customer onboarding	31%
Mobile device access	29%
Workplace access and remote work	25%
Age verification	19%
Cross-border services	16%
Healthcare service access	15%
Travel and hospitality bookings	9%
Remote education services	5%

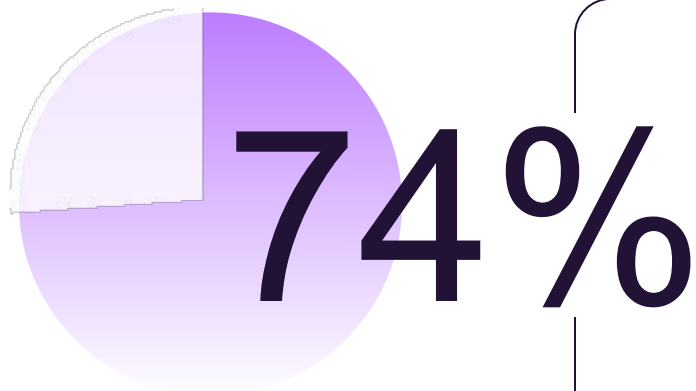Q12. In which of the following use cases the benefits from digital ID implementation will be noticeable and bring fastest results?

Time for a poll!

Global Standards for Digital ID

74%

Emphasize the necessity for global digital ID standards

→ ISO/IEC 23220-1:2023 standard setting the basis for mobile-based digital identity wallets

→ EU leading the way with EU Digital Identity Wallet

Digital Identities and Verifiable Credentials
W3C – Verifiable Credential Data Model

- ➜ No single digital identifier

- ➜ Digital credentials issued by different issuers for different purposes

- ➜ Held securely under control of the wallet holder

- ➜ Wallet holder presents relevant credentials as needed to access services

- ➜ The details are [here](#)

ISO/IEC 23220-x Mobile-Based Digital <u>Wallets</u>
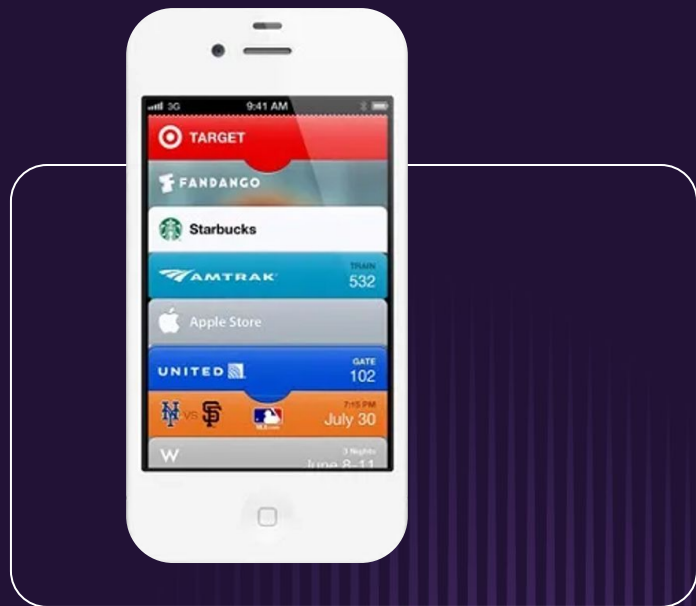
➔ Series of standards which specify the use of mobile-based wallets to securely manage and use digital identities and credentials

➔ Based on standard for mobile-based driver's licenses: ISO/IEC 18013-5

➔ Adapted for use of W3C Credential Model

➔ Set of standards expected in 2025

➔ The details are <u>here</u>

European Digital Identity Wallet
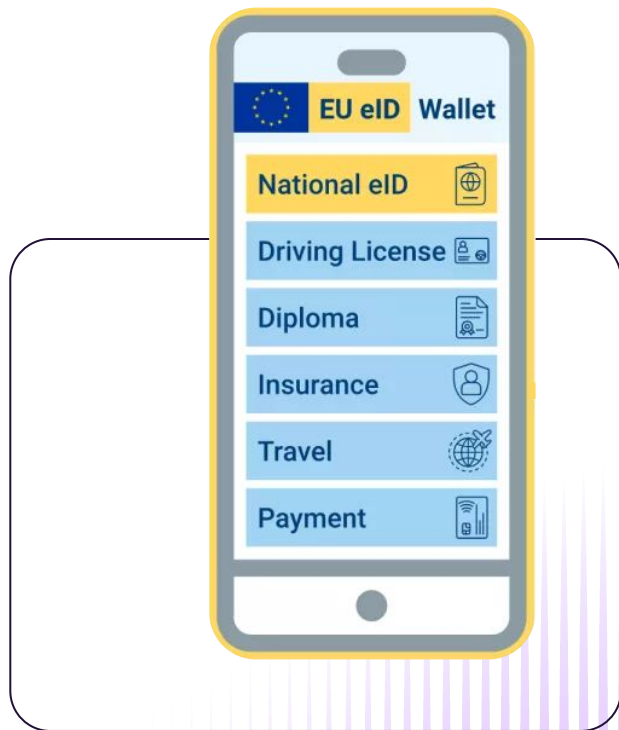
- → First aim is digital alternative to identity card
    - ◆ Also supporting a range of other functions
- → High level security & privacy
    - ◆ Sensitive data are held in secure element
    - ◆ User-controlled selective disclosure
- → Ambitious implementation schedule
    - ◆ 4 EU large scale pilots ongoing
    - ◆ EU National implementations by 2026
- → The details are here

Digital ID Impact, Benefits and Challenges

Impact on Revenue

→ 89% anticipate a positive impact on revenue

→ The Middle East is the most optimistic - 61% expect 30% or more revenue growth

Category	Value
More than 30%	16%
Between 20% to 29%	**32%**
Between 10% to 19%	23%
Less than 10%	18%
Unsure/Don't know	10%
Do not expect	1%
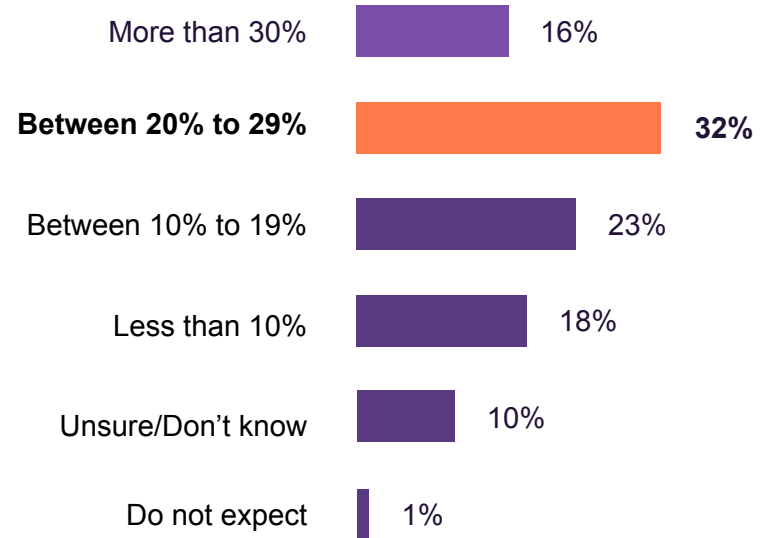
Impact on Citizens

➔ Governmental organizations were questioned

➔ 66% highlighting increased citizen trust

➔ Cost saving is also important - 55% expected
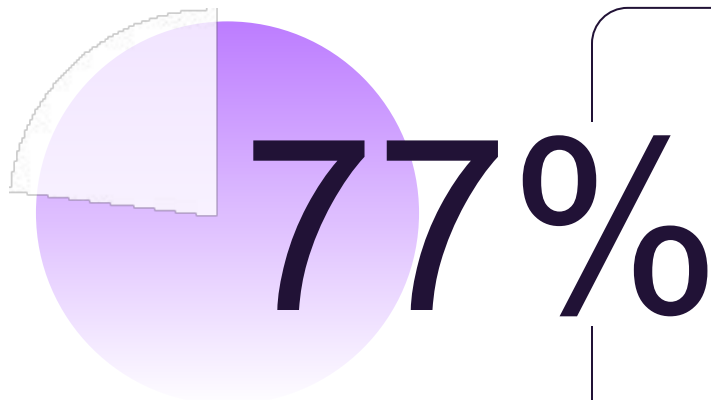
Category	Percentage
Increased citizen trust	**66%**
Cost savings	55%
Enhanced security standards and protection for citizens	50%
Improved data management	47%
Improved living standards for citizens	45%
Increase in tax collection	45%
Increased transparency and accountability	42%
Reducing bureaucracy and red tape	39%
Fostering economic growth	34%

Impact on Security

77% expect digital IDs to improve their security infrastructure and fraud prevention capabilities

→ 12% don't think digital ID will improve security

→ In the US, 82% expect digital IDs to improve their security infrastructure and fraud prevention capabilities, a sentiment that is somewhat lower in the UAE at 68%

Q8. Which of the following do you consider the top positive transformation factors for your industry resulting from the adoption of digital identity?

Impact on Fraud

Category	Percentage
Less than 10%	5%
Between 10% to 19%	18%
Between 20% to 29%	**27%**
Between 30 to 39%	25%
Between 40 to 49%	14%
More than 50%	10%
I don't know	1%
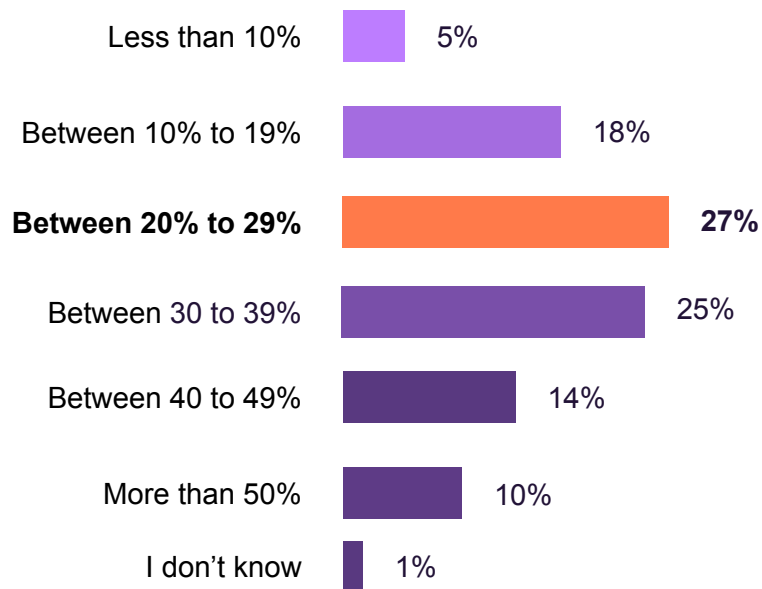
→ Half of respondents expect a 30% or more reduction in fraud

Q11.How much do you expect a reduction in fraud and security-related losses after the implementation of digital ID within the IDV process in your organization? (Select one)

Benefits of Digital ID

Legend: Strongly agree · Agree · Neither disagree nor agree · Disagree · Strongly disagree

	Strongly agree	Agree	Neither disagree nor agree	Disagree	Strongly disagree
Enhanced security and fraud prevention	50%	27%	10%	8%	4%
Improved customer and citizen experience	44%	31%	12%	8%	4%
Improved efficiency in identity verification processes	42%	32%	15%	6%	4%
Better compliance with regulatory standards	39%	34%	13%	9%	4%
Cost savings in the long run	37%	34%	15%	9%	6%
Facilitation of cross-service adoption	33%	38%	15%	9%	4%
Attracting new customers and revenue streams	35%	33%	19%	8%	4%

➔ Most organizations (from 68% to 77%) see a positive influence of digital ID implementation on businesses

➔ Enhanced security is at the top of the list - 77%

➔ Customer/citizen experience and efficiency are expected to improve by 75% and 74% of organizations

Q8. Which of the following do you consider the top positive transformation factors for your industry resulting from the adoption of digital identity?

Challenges With Digital ID Adoption

Increased risk of data breaches and cybersecurity threats — **50%**

Privacy concerns due to surveillance and data tracking — 44%

Dependence on technology potentially leading to system failures — 35%

Risk of identity theft and fraud with digital credentials — 35%

Complexity and cost of implementing and managing digital id systems — 31%

Lack of universal standards leading to interoperability issues — 29%

Digital divide exacerbating social and economic inequalities — 26%

Potential misuse of data by governments or corporations — 26%

Reduced personal interaction and dehumanization — 16%

Full government ownership of digital ID — 8%

Q9. What do you consider the most significant negative impact of digital ID adoption? (Select top 3)
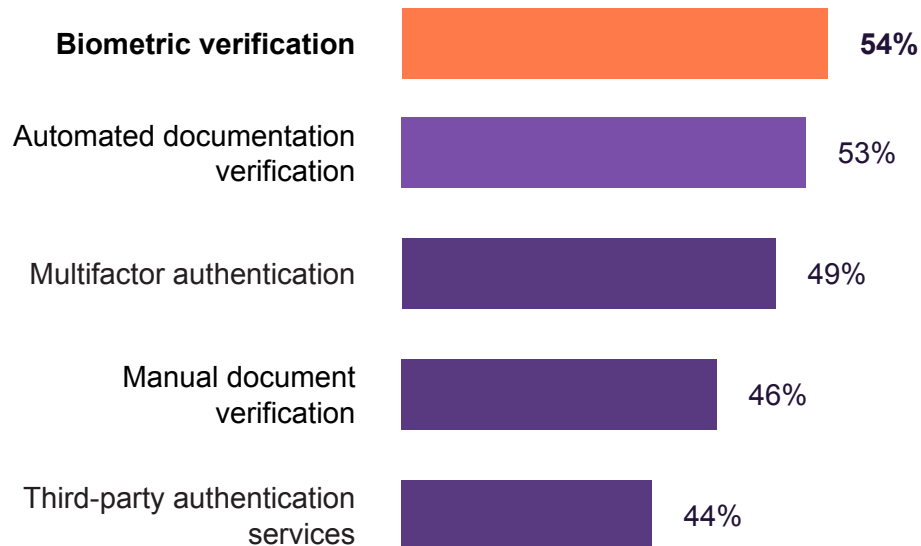
| 26

→ In general, organizations see more opportunities than challenges

→ The most significant concern is about increased risk of data breaches - 50%

→ Privacy concerns - 44%

→ Only 16% worry about dehumanization

Current IDV Processes and How to Adopt Digital ID

Current Methods of ID Verification

- ➔ 46% still have manual document verification

- ➔ Biometric and automated document verification is at the top - most organizations are ready for digital ID implementation

- ➔ The US and Germany have minimal manual verification

Biometric verification — **54%**

Automated documentation verification — 53%

Multifactor authentication — 49%

Manual document verification — 46%
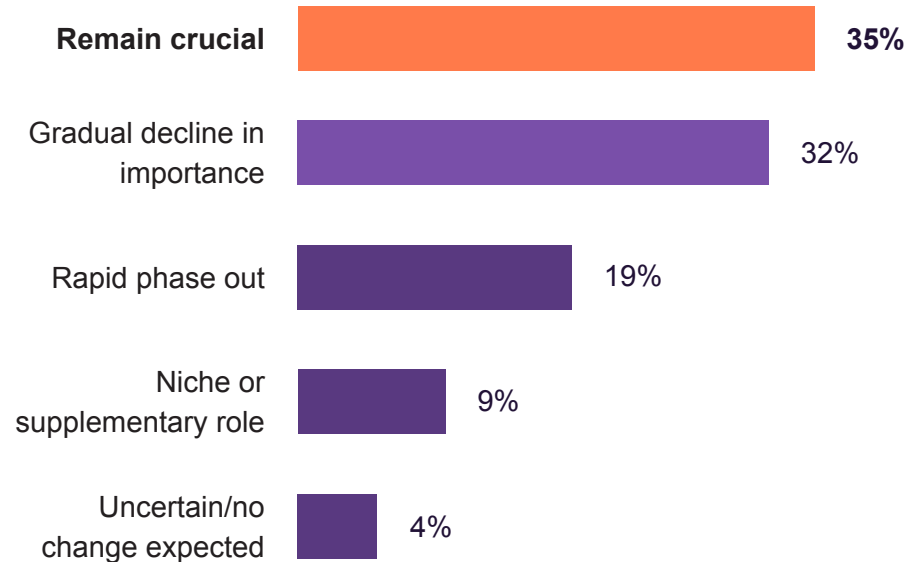
Third-party authentication services — 44%

Q1. What methods are currently used in your organization for remote Identity verification (IDV)? Select all that apply

Time for a poll!

Physical Documents Remain Critical

➔ Most organizations believe physical docs will remain critical

➔ 32% believe gradual decline in importance

➔ Only 19% predict a rapid phase out, and only 9% believe in the niche role of physical documents

Remain crucial — **35%**

Gradual decline in importance — 32%

Rapid phase out — 19%

Niche or supplementary role — 9%

Uncertain/no change expected — 4%

Q4. Considering the emerging prominence of Digital ID, how do you foresee the next 3 to 5 years relevance and necessity of physical document verification (such as passports and driver's licenses) in your organization's identity verification processes? Select one

When does Physical Document Verification Remain Critical?

→ In-person interactions: For people who don't have/don't want Digital ID, and for people who are not proficient in technology (possibly, older generation)

→ Cross-border transactions: Countries will adopt digital passports at different rates, depending both on the internal readiness of the country's infrastructure and on cross-country agreements on standards

→ Other actions with IDs: Initial identity verification before Digital ID issue, restoration of a digital passport, changing personal data

→ Business/administrative infrastructure is not ready to adopt Digital ID

→ As a backup for Digital ID

Recommendations

1 **Follow standards updates** - The technology platform for using Digital Identity is ready, and when the standards enter the final phase, the path to Digital ID will be very quick

2 Despite the rapid adoption of digital documents, when standards are adopted, **physical and electronic documents will stay for decades** - don't exclude them from the flow

3 **Audit your IT infrastructure** and transform/ implement your IDV system to work with all types of documents: physical, electronic and digital

4 **Implement biometric verification** if you don't have it yet - it will remain an essential part of identity verification systems of the future

Biometric Verification is Essential

Digital ID verification requires biometric checks to be performed in a service provider's secure perimeter

➜ "Zero trust to mobile" paradigm

➜ Compliance with emerging standards

➜ Enhanced security and fraud prevention

Biometric Fraud Regula Detects

Presentation attacks

Live person

Printed photo
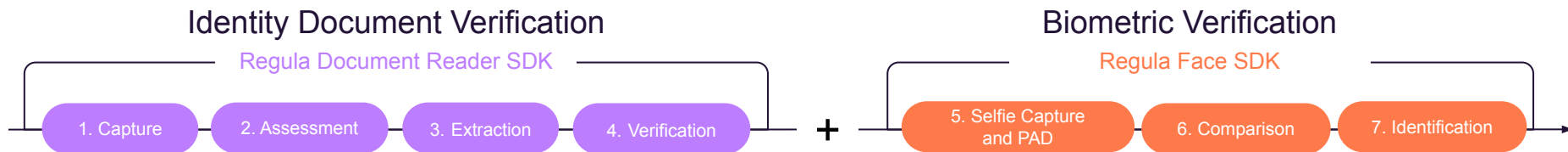
Video replay/
Video injections

Digital device

Mask

Regula Hits Every Step of Identity Proofing

Identity Document Verification
Regula Document Reader SDK

- 1. Capture
- 2. Assessment
- 3. Extraction
- 4. Verification

+

Biometric Verification
Regula Face SDK

- 5. Selfie Capture and PAD
- 6. Comparison
- 7. Identification

Regula currently supports more than 14,000+ document templates from 250 countries and territories. For now, they are physical and electronic documents; however, the architecture of our solution allows us to add Digital ID to the flow immediately when they appear

We offer an advanced biometric verification solution which provides all sophisticated biometric checks without harming the user experience

Conclusion Based on Forrester Findings

→ The presence of **physical documents remains integral to ID verification processes,** underscoring the need for harmonious coexistence of traditional and modern authentication methods.

→ **Unified global standards implementation is essential**. This rallying cry lays the cornerstone for a truly integrated global digital framework, fostering trust and collaboration across borders.

→ **Digital ID is not about replacing physical documents** but enhancing them.

→ **Biometric checks** are an important part of IDV systems and must be done on the business side.

→ **Widespread adoption and positive perception** discovered by the research show that businesses are mostly ready to implement Digital ID.

Questions?

Thank you!

kate.johnson@regulaforensics.com

Regula

Decades of Forensics for Seamless Identity Verification.
Bringing together 30 years of experience in forensics, border control and business, to create industry standards to trust and follow.