

FIGI FINANCIAL INCLUSION
GLOBAL INITIATIVE



FIGI Symposium

18 May - 24 June, 2021



Digital ID Toolkit

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FIGI Digital ID Working Group

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Organized by

Committee on Payments
and Market Infrastructures



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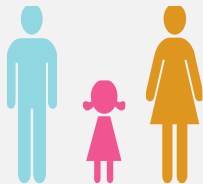


FRAMING THE PROBLEM

The Identification Gap

SDG Target 16.9: By 2030, **provide legal identity for all**, including birth registration

Globally, an estimated **1.1 billion people** are unable to prove their identity



Many **refugees and IDPs** lack legal identification: ID documents are often lost, destroyed, or confiscated or may have never been issued

The Authentication Gap

Even with ID, 3.4 Billion people are not able to use it effectively it may be impossible to **verify validity + authenticate holder** against claimed identity



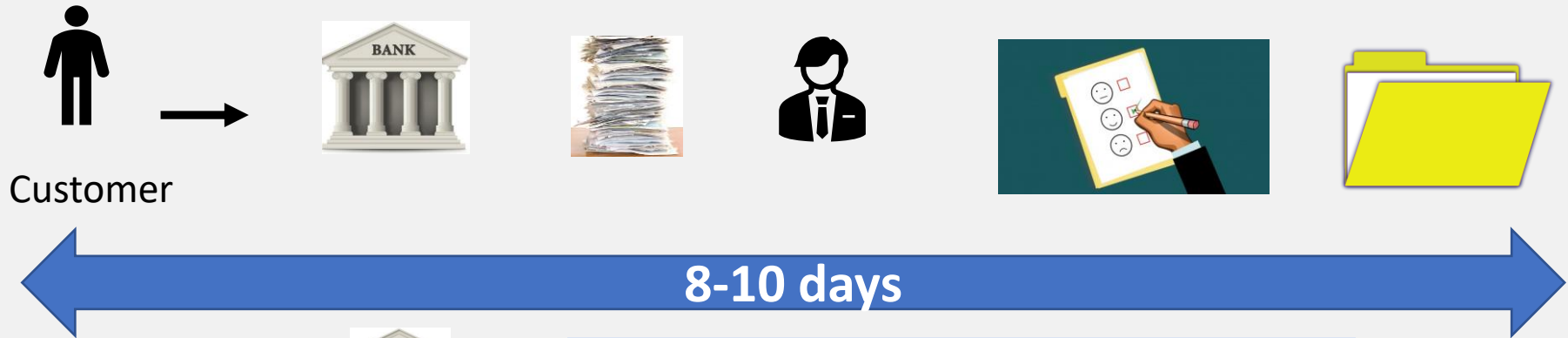
Credentials that cannot be verified will only provide a **limited level of assurance**, and may not be widely accepted

Exclusion

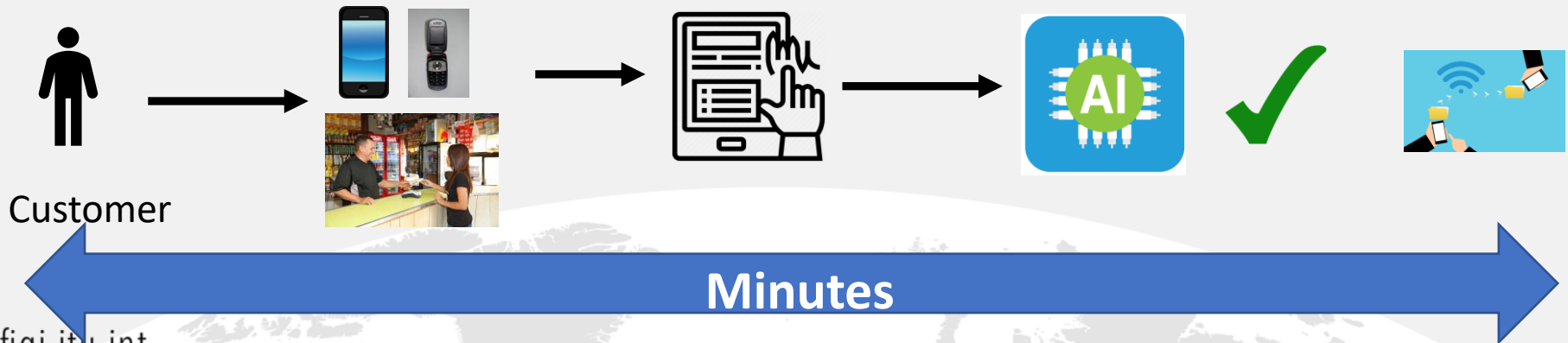


ACCOUNT ONBOARDING

Traditional Onboarding I



Digital Onboarding



EXISTING GUIDANCE

- ✓ FATF RECOMMENDATIONS (R10, R13)
- ✓ BIS BCBS Guide on Customer Due Diligence (2010)
- ✓ BIS BCBS Guide to Account Opening (2015)
- ✓ The FATF Financial Inclusion (2013 and 2017)
- ✓ The FATF Digital ID Guidance Note (2020)
- ✓ ROADMAP TO ENHANCE CROSS BORDER PAYMENTS (2020)

At the request of the G20 the FSB in coordination with the CPMI and other relevant SSBs and international organizations are developing a roadmap to enhance cross-border payments BB 8



OUTLINE OF THE TOOLKIT

POLICY CONSIDERATIONS



IMPLEMENTATION OPTIONS



METHODOLOGY

Scope, fact finding, conclusions and timeline



GUIDING QUESTIONS



QUESTIONNAIRE



POLICY CONSIDERATIONS

- **PC1-** The legal and regulatory framework supports the usage of digital ID by financial service providers
- **PC2-** Consider the full range of risks associated with use of digital ID in the financial sector
- **PC3-** Provide for informed consent in order that users maintain control over data collected for use within the financial sector
- **PC4:** Collaborate and engage with the private sector to develop digital ID infrastructure, identify collaborative CDD solutions and monitor emerging technologies relevant to ID verification in the financial sector
- **PC5-** Ensure that there is an adequate Governance for the e-KYC and Collaborative CDD

IMPLEMENTING APPROACHES

Box 5-Measures Adopted in Response to COVID-19 allowing non-official IDs for G2P programs

The Bangko Sentral relaxing the measu on 1 April, 2020. T the duration of the Measures adopted submission of offic aimed at facilitatin account. Even under a low r risks. The safeguar of US \$985 per day they have no offic ECQ/CQ. Source: Bangko Ser

Box 3. India: Aadhar and Central KYC Records Registry

Collaborative CDD has been illustrated in [India](#), which allows FSPs to consider customer ID verification data obtained through the national digital ID system to be correct, without requiring them to verify the data. The Unique Identification Authority of India (UIDAI), has made e-KYC and authentication services available for FSPs. An FSP can verify a customer’s identity using the customer’s Aadhaar number (a 12-digit random number issued by the UIDAI to the individual), and a fingerprint and/or iris scan. When the identity of a prospective customer is confirmed biometrically, the account opening form is, with the consent of the customer, automatically populated with the customer’s basic demographic data. This measure has allowed providers to rely on a government issued ID system without fear of liability, ensuring good uptake of the system.

India also has a centralized repository of capital market investor’s CDD records, known as the Know Your Client Registration Agency (KRA). Aadhaar is one of the documents that can be submitted as proof of identity before the

investor’s details are uploa intermediaries registered v eliminate duplication of CD intermediaries like Mutual expand this solution to the Source: CERSAI, Central Regis

#1. Unbundling Consent Managers:

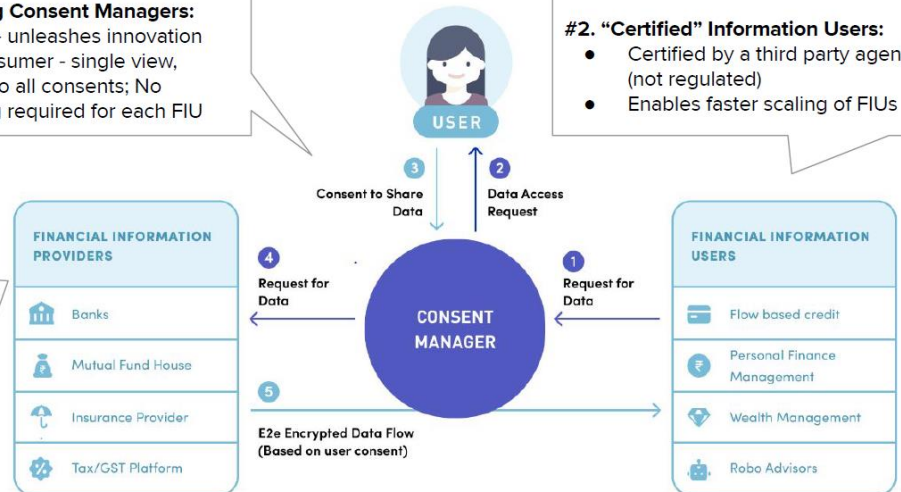
- For FIU - unleashes innovation
- For Consumer - single view, access to all consents; No relinking required for each FIU

#2. “Certified” Information Users:

- Certified by a third party agency (not regulated)
- Enables faster scaling of FIUs

#3. Market pull for becoming an Information Provider:

- Principle of reciprocity
- No regulatory mandates



QUESTIONNAIRE

FINANCIAL
SECTOR
LANDSCAPE

LEGAL,
REGULATORY AND
SUPERVISORY
APPROACHES TO ID

ACCESS TO
VERIFICATION
SERVICES

AUTHENTICATION
AT MERCHANTS

CONSUMER
PROTECTION
MEASURES

E-KYC SOLUTIONS

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FIGI Symposium
18 May - 24 June, 2021

Series: Digital ID
**Session: Policy guidance for Digital ID usage and
implementation for financial services**

Thursday, 25 May 2021, 17:00 – 18:30 CEST



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Q&A

- 1) How does digital ID benefit financial inclusion?
- 2) What are the risks and main challenges of digital ID?
- 3) Main KYC constrains for financial institutions in Mexico offering cross-border payments
- 4) How the risk-based approach towards customer identification/validation and KYC contributed to tackle the pandemic crises by allowing G2P payments to the Brazilian population in need of government assistance?
- 5) Please share your views on the impact of the adoption of the, Circular 3,978/20 (particularly on minimum know-your-customer ('KYC') data required) and cross-border payments. Have you already been able to see any outcomes of the adoption of the risk based approach framework established under the Circular?
- 6) Are all types of institutions subject to the same AML/CFT framework as regards to CDD?
- 7) How does a weak ID verification process impact payments?
- 8) What can an organization like Mastercard do to improve the authentication process, mitigate ID theft and yet meet the speed, transparency and convenience needs of consumers?



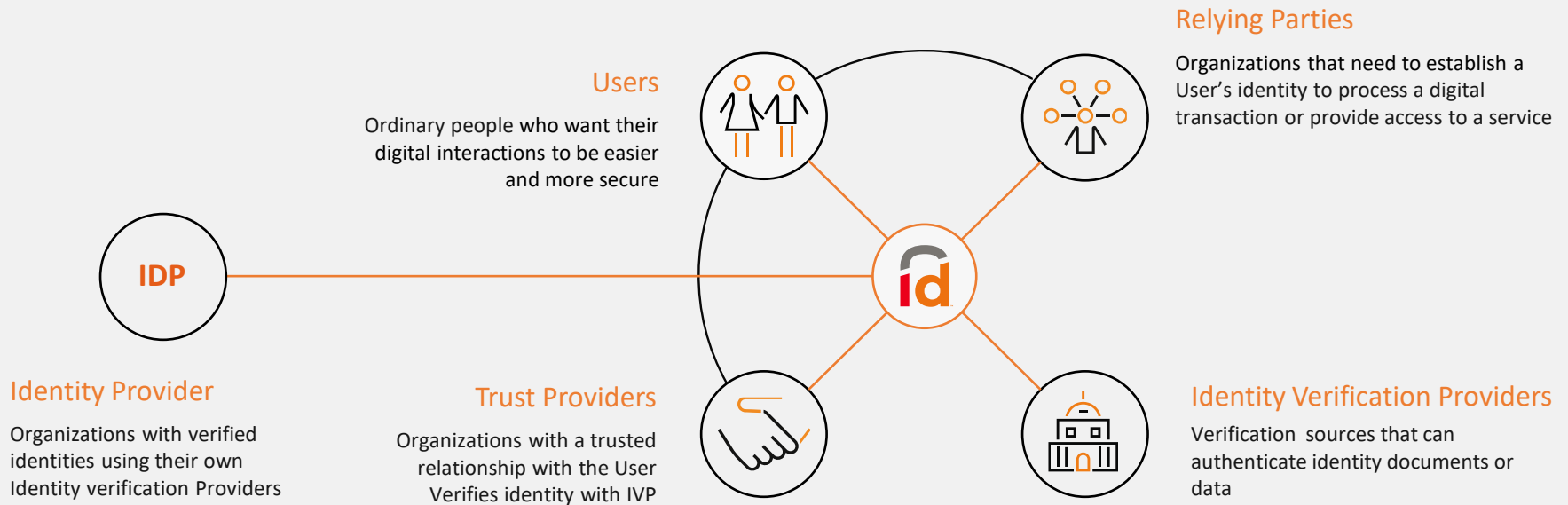
Digital Identity

Jorge Arbesu-Cardona

We need a global, reusable, standardized identity



The approach to building this global identity is multi-faceted



A partnership with the Government of Panama





Digital Identity

Jorge Arbesu-Cardona