VISA   **CSFI**

What's wrong with "identity"?
A round table discussion to be held on Thursday 16th December 2010 at
Innholder's Hall, 30 College Street, London EC4R 2RH from 12.15pm-2.30pm.

The first roundtable of the 2010/2011 Visa Europe Fellowship Programme on
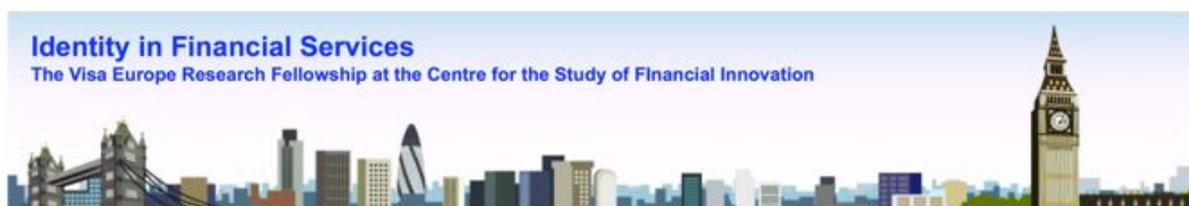*Identity in Financial Services*

Identity is in a mess. There is no pan-European, interoperable infrastructure for electronic identity, which means that a customer of Barclays cannot use his debit card and PINSentry to log in to their broker, or insurer or even another bank, even in the UK, much less in another European country. How do we get from this situation to a real, functioning infrastructure that delivers some actual security while simultaneously enabling new business models? In some countries, the government is providing an electronic identity card-based infrastructure. In Germany, for example, customers will be given free USB smart card interfaces so that they can use their new national ID card to log on to their bank account, but such approaches are not universal and governments do not have a lot to money to spend on them right now. From the point of view of the UK, where the national identity card scheme has just been scrapped and there is no alternative identity infrastructure in place, there is much to be admired in the US approach.

The idea of creating an ecosystem that is built around the idea of public and private sector co-operation, individual choice, opportunities for innovation and market-based practicality should be a matter of priority in Europe as well, where there is virtually no interoperability at all. Right now, I can't even use the same login identity for the DVLA and HMRC (the only two online government transactions I ever do) let alone the Belgian police or the Greek health service.

Identity is the new money. The dynamics are easy to understand. The downward pressure on the pricing of commodity payments because of the Single European Payment Area (SEPA) and the Payment Services Directive (PSD) leading to the entry of non-banks, the ubiquity of intelligent devices (of which the mobile is currently the most important) and the ease of connecting banks, retailers, processors and others, combine to create a new landscape, where most of the value of the payments layer comes from the ability to identify and authenticate the participants in the transaction.

In the long run digital identity will be more valuable than digital money. This is because authentication is difficult and expensive: if you break down the way that, say, your debit card works, and separate the authentication part (the chip and PIN) from the processing and settlement of the transaction (and all of the fraud management, customer support and so on) you can see the asymmetry between the money part -- a few bytes moving from bank to bank -- and the identity part.

Identity needs strategy. There is an interesting area for speculation identified by this analysis. Who will provide the identity functions? Will it be the existing players who bundle identity as part of the payments business -- PayPal or Barclaycard -- or will it be players who deal with identity and reputation -- Experian or the Passport Services -- or will it be the

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players who with authentication and switching -- Vodafone or Google -- or will it be an entirely new class of organisation?

As non-banks enter the payments market, as regulation and reporting mean that the utility, transaction business of moving money around opens up, as the payments infrastructure shifts from being controlled by banks to being controlled by stakeholders, perhaps the right response from already heavily-regulated financial organisations should be to invest in another infrastructure: that of identity. This is what will be explored in the CSFI's Research Fellowship in Identity and Financial Services for 2010/2011 thanks to the support from Visa Europe. The panel for this first roundtable will be:

- **Richard Hurley** is Communications Manager at CIFAS, the UK's fraud prevention service and the people who are in the forefront of the fight against identity fraud.

- **Jonathan Williams** is Strategy Director at Experian, a company with practical business experience of identity in financial services.

- **Robin Wilton** of Gartner is one of the UK's leading experts on identity and will explain why the problems of identity, authentication, privacy and security around the internet are so complex.

Attendance is free, but space is limited. So if you or a colleague would like to attend, please let us know by e-mailing nicole@csfi.org.uk or by phoning the CSFI on +44 (20) 7493 0173 as soon as possible.

Sincerely yours,

David Birch
Research Fellow **CSFI**, Co-Founder **Consult Hyperion**, Chair **Digital Identity Forum**

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