Digital Identity, Privacy and Economic Development

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Joined the World Bank in 2007 and since then has supported policy reforms in more than 40 projects worldwide involving the development or enhancement of credit reporting systems, financial consumer protection, digital identification, data protection, privacy and cybersecurity.

Fredes also served as Secretariat to the International Committee on Credit Reporting (ICCR) since its inception in 2009 till January 2018 and currently co-chairs the Financial Inclusion Global Initiative (FIGI) working group on cybersecurity for financial infrastructure and the FIGI working group on Digital Identity. Prior to joining the World Bank, she was legal director at Experian Spain, where she was responsible for the consumer protection and compliance unit of the credit bureau and value-added services business lines.

Ms. Montes earned her five-year degree in Law at the Universidad Complutense and studied Political Science at Universidad Nacional de Educación a Distancia in Madrid. Additionally, she holds a Masters degree on Data Protection and New Technologies Law.
Data protection and privacy aspects of the use of ID in the financial sector
Digital ID Privacy and Economic Development

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, 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

Cross borders safely and legally

Prove eligibility for and access social and health benefits

Access financial services, mitigate ID theft, AML/CFT compliance

To participate in the (formal) economy
Benefits of Digital ID

**Uses**
- Better Authentication
- Customer Due Diligence
- E-signatures
- Consumer Consent

**Benefits**
- Public Authorities
  - Better AML/CFT controls
  - Identity theft and Fraud Prevention
  - G2P, G2B & G2P payments
  - Greater Transparency
  - Streamlined Tax collection

- Relying Party
  - Better credit scoring
  - Easier tracking
  - Potential for Interoperability
  - The ability to leverage value of legal IDs
  - Reduction of Gender Gap

- Individuals
  - Easier account opening
  - G2P Payments
  - Access to Credit, Savings, Insurance

- Ease and efficiency
  - Integration with Mobile Platforms
  - Improved document management and recording
  - Improved Customer Service
  - Increased access to Social Programs

- Single Customer View
- Frictionless Transactions
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Digital ID Privacy and Economic Development

Conduct Research

Formulate Policy and contribute to International Standards

Enable dialogue between regulatory authorities

Involve the private sector

International Fora
WEF
APEC
G20

The World Bank Engagement on Data Protection and Privacy
### PC1- Integrated Framework

A legal or foundational identity system is critical to reliably assign an identity recognized across Government and the private sector. It forms the legal basis for identity validation for critical services and governments should look to update existing privacy frameworks in the context of planned and potential future uses of digital ID services. An integrated framework will have an infrastructure suitable to the country context, contemplate open design standards and ensure the continually updated technical capacity of government agencies.

### PC4- Build Authentication and Service Delivery Systems that protect User Privacy and Provide Individuals the Right to Access and oversee how data is shared

The adoption of privacy-by design approach to ID systems could be considered. This process envisages building privacy into all stages and architecture of information systems, business processes and networked infrastructure.

### PC5- Establish clear publicized procedures for citizen redress, including defining where the onus of responsibility lies in the event that errors emerge or that security of a person’s identity is compromised

To maintain the integrity of the system and ensure that there is trust in the system, policymakers should consider the need for resolution and regulatory redress mechanisms. Identity infrastructure should allow users to control their identity information including the ability to retract previously provided data to promote accountability and trust.
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Lawful processing
(i) Consent
(ii) Contract between consumer and entity
(iii) Compliance with legal obligations
(iv) Protection of public interest
(v) Legitimate interest of the controller or third party

Transparency
Allow consumers to understand the key facts of data collection
Foster privacy Policies

Accuracy and Reliability
Trusted sources
Matched to the correct person
Up-to-date
Relevant to the purpose of which is being used for

Accountability
Identify data flows path from the original source
Measures to ensure protection from origin to use

Consent
When data are used for a different purpose than stated at collection
Tiered consent
Opt-in
Record evidence
Plain language
Efficient mechanisms
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**Awareness and Consumer’s Rights**
- Access
- Correction of Data
- Object to processing for specific purposes
- Data Portability

**Security**
- Cybersecurity risk assessments
- Response to cyber incidents
- Communication Protocols
- Resources to assess, monitor and mitigate consequences of cyber incidents
- Consider third parties

**Discrimination**
- Predictiveness of alternative data are tested and verified
- Scoring models developed do not unfairly discriminate against protected groups
- Historical discrimination is prohibited

**Cross-Border**
- Cross-border data flows consistent with privacy laws and international frameworks
- Consumers’ rights regardless of the location of data processing or where data are transferred

**Cooperation and Coordination**
- National Strategy towards Personal Data Privacy
- Framework
- Identification of roles of each authority
- Formal mechanisms of cooperation between authorities
Questions + Contact

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