

Written evidence submitted by Equifax and Digital Identity Net

Impact of COVID 19 on DCMS sectors: digital identity

Evidence from Equifax and Digital Identity Net to the Digital, Culture, Media and Sport Committee inquiry on the impact of Covid-19 on DCMS sectors

Summary

- Trusted, secure and widely used digital identity solutions would improve the UK's management of, and recovery from, COVID-19 outbreaks by: improving quick and efficient access to public services and financial supports; reducing fraud; and powering economic growth.
- DCMS is committed to creating a thriving digital identity market and has said it will respond in Spring 2020 to a *Call for evidence* it launched in July 2019.
- We urge the government to meet its Spring deadline and rapidly implement the next steps to ensure the UK has the successful digital identity market it needs.

Digital identity

On 19 July 2019, DCMS and Cabinet Office launched a joint *Digital identity call for evidence*, with The Rt Hon Oliver Dowden MP CBE, stating, "We are committed to delivering a thriving digital identity market that allows people to access more government and private sector services online safely and securely"¹.

This was welcome before the crisis. A report for the Governor of the Bank of England concluded that the UK market "underwhelms", with less than 5% of people using the national identity scheme (Verify), compared to around 70% in the Netherlands and over 80% in Denmark². When people did use Verify, the NAO found it had a success rate of 48% (which did not count applicants who dropped out of the process) and that the government services using it had to resolve problems with costly manual processing³. The Department for Work and Pensions (DWP) was typically able to successfully process only 25% of universal credit applicants online⁴.

However, the need for trusted, secure and widely used digital identity solutions has become more acute as a result of the crisis. A successful digital identity market would help the UK bounce back from the crisis and prepare for any future outbreaks by:

- Enabling more people to quickly verify their eligibility digitally for public services and financial support, while increasing the efficiency of public service delivery.
- Reducing fraud so that more funding is available for public services and household finances are better protected.
- Powering growth and innovation, helping to "cement Britain's place as a world-leading digital economy"⁵.

DWP staff deserve great appreciation for responding to the 1.5 million applications for universal credit they received in just five weeks⁶. They sought to mitigate the "queues" and

“capacity problems” with Verify by redeploying staff and allowing those applicants with a Government Gateway account to confirm their identity that way for the first time from 16 April 2020^{7,8}. We commend these steps but a wider range of digital ID solutions are needed to ensure everyone can access universal credit, and all other public support that requires identity checks, more quickly and efficiently in future.

The NAO report in March 2019 found Verify and its predecessor programme had cost at least £154 million⁹. In October 2018, the Cabinet Office announced that the government would stop funding Verify in March 2020 and cap the amount it would spend on Verify during this time to £21.5 million¹⁰. Then on 29th April 2020, the Chancellor of the Duchy of Lancaster, announced that the Treasury had approved funding to continue GOV.UK Verify operations for up to a further 18 months¹¹. There is a strong case to use other providers to add to capacity and complement the work of Verify, particularly if Verify will not be funded after July 2021. Existing alternative digital identity solutions would represent good value for money for the taxpayer whilst being robust and secure.

Reducing fraud was another priority outcome DCMS identified in the *Digital identity call for evidence* that has become more pressing as a result of COVID-19. The National Cyber Security Centre and Government Counter Fraud Function have highlighted how the crisis has heightened risk of financial fraud^{12,13}. In guidance for government bodies and local authorities administering emergency programmes, the Government Counter Fraud Function recommended the introduction of “electronic checks to identify and verify the applicant and/or business, including the beneficiary account” and the use of Verify¹⁴.

A successful digital identity market would also support economic recovery. DCMS estimates that unlocking the value of digital identity could add 3% to GDP¹⁵. Given that the UK attracts more investment in financial technology than any other country bar the US and China¹⁶, and the high degree of trust UK consumers have in digital services¹⁷, it is remarkable that the UK has not developed a thriving digital identity market already. Government leadership is required to help resolve this market failure.

While DCMS can lead the way, it will take a coordinated approach across government. For example, the Financial Conduct Authority and Bank of England have both noted the potential for online banking to underpin British digital identity solutions, as it does in well functioning identity markets in Nordic countries^{18,19}. Even before the pandemic, digital banking was widely used and trusted in the UK: 40 million people used mobile banking, logging in on average 30 times a month²⁰; and the ICO found consumers trusted financial services to protect their personal data more than all other private sector firms²¹. The crisis is expected to lead to a lasting increase in the use of digital banking²².

Responding to a parliamentary question on 18 March 2020, the Minister for Digital Infrastructure stated that DCMS intends to publish its response to the Digital Identity Call for Evidence in Spring 2020²³. We urge the government to meet that Spring deadline and rapidly implement the next steps to ensure the UK has the thriving digital identity market it needs to meet the challenges of COVID-19 and power the economic recovery.

About Equifax

Equifax Inc., “Equifax” is a global information solutions company that uses unique data, innovative analytics, technology and industry expertise to power organisations and individuals around the world by transforming knowledge into insights that help make more informed business and personal decisions.

Headquartered in Atlanta, Georgia., Equifax operates or has investments in 24 countries in North America, Central and South America, Europe and the Asia Pacific region. It is a member of Standard & Poor’s (S&P) 500® Index, and its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. Equifax employs approximately 11,000 employees worldwide.

Equifax Ltd is one of the Equifax group companies based in the UK. Equifax Ltd is authorised and regulated by the Financial Conduct Authority. We are a Living Wage Employer and a signatory of the Women in Finance Charter and the Military Covenant.

About Digital IdentityNet

Digital Identity Net (DIN) is the first independent eID platform in the UK privately funded, and would like to offer its eID products for several Government use cases as the market develops – we see significant savings for the tax payer in collaboration. Equifax is the lead distributor and strategic distribution partner with DIN for creating a self-sustained private sector eID marketplace.

-
- ¹ Cabinet Office & DCMS (2019) [New plans to make it safer for people to confirm their identity online.](#)
- ² Huw van Steenis, Senior Advisor to the Governor of The Bank of England and Chair of the Future of Finance Review. Huw van Steenis (2019) [The outlook for the UK financial system: what it means for The Bank of England](#)
- ³ NAO (2019) [Investigation into Verify](#)
- ⁴ Peter Schofield CB (2020) [Oral evidence: The DWP's response to the coronavirus outbreak, HC 178, 25 March 2020.](#) See response to Q17.
- ⁵ The Rt Hon Jeremy Wright QC MP, in Cabinet Office & DCMS (2019) [New plans to make it safer for people to confirm their identity online.](#)
- ⁶ Peter Schofield CB (2020) [Letter from the Permanent Secretary to the Chair of the Work and Pensions Select Committee, 21 April 2020.](#)
- ⁷ Secretary of State for Work and Pensions (2020) [Oral evidence: The DWP's response to the coronavirus outbreak, HC 178, 25 March 2020.](#)
- ⁸ DWP (2020) [Universal Credit claimants to verify identity through Government Gateway](#)
- ⁹ NAO (2019) [Investigation into Verify](#)
- ¹⁰ NAO (2019) [Investigation into Verify](#)
- ¹¹ Cabinet Office (2020) [Digital Identity and GOV.UK Verify Programme Update: Written statement - HCWS217](#)
- ¹² National Cyber Security Centre, United States Department of Homeland Security Cybersecurity and Infrastructure Security Agency (2020) [Advisory: COVID-19 exploited by malicious cyber actors](#)
- ¹³ Government Counter Fraud Function (2020) [Fraud Control in Emergency Management: COVID-19 UK Government Guidance](#)
- ¹⁴ Government Counter Fraud Function (2020) [Fraud Control in Emergency Management: COVID-19 UK Government Guidance](#)
- ¹⁵ Cabinet Office, DCMS (2019) [New plans to make it safer for people to confirm their identity online](#)
- ¹⁶ Innovate Finance (2019) [2018 FinTech VC Investment Landscape Report](#)
- ¹⁷ OECD (2020) [Going digital toolkit](#)
- ¹⁸ FCA (2020) [Call for input: open finance](#)
- ¹⁹ Bank of England (2019) [New economy, new finance, new Bank: The Bank of England's response to the van Steenis review on the Future of Finance](#)
- ²⁰ ODI, Fingleton (2019) [Open Banking, Preparing for lift off.](#)
- ²¹ ICO (2019) [Information Rights Strategic Plan: Trust and Confidence](#)
- ²² KPMG (2020) [A catalyst for change for bank branches Will the COVID-19 pandemic change the shape of bank branch networks?](#)
- ²³ DCMS (2020) [Digital Technology: Proof of Identity: Written question - 28062](#)