



Digital identity and the Fintech ecosystem

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What is digital identity?

An electronic file that contains personally **identifiable** information. Who you **are**. What you **have**.

Examples of PII include the following:

- Name, date of birth, eye color, height...
- Biometric data
- National Identification Number
- Login credentials (usernames and passwords)



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Why digital identity is important?

As the world goes digital, people adopt new behavior regarding how to communicate, interact, do business, have access to services, pay bills, manage and transfer funds etc.



Why digital identity is important?

53% of the population are Connected

Connected

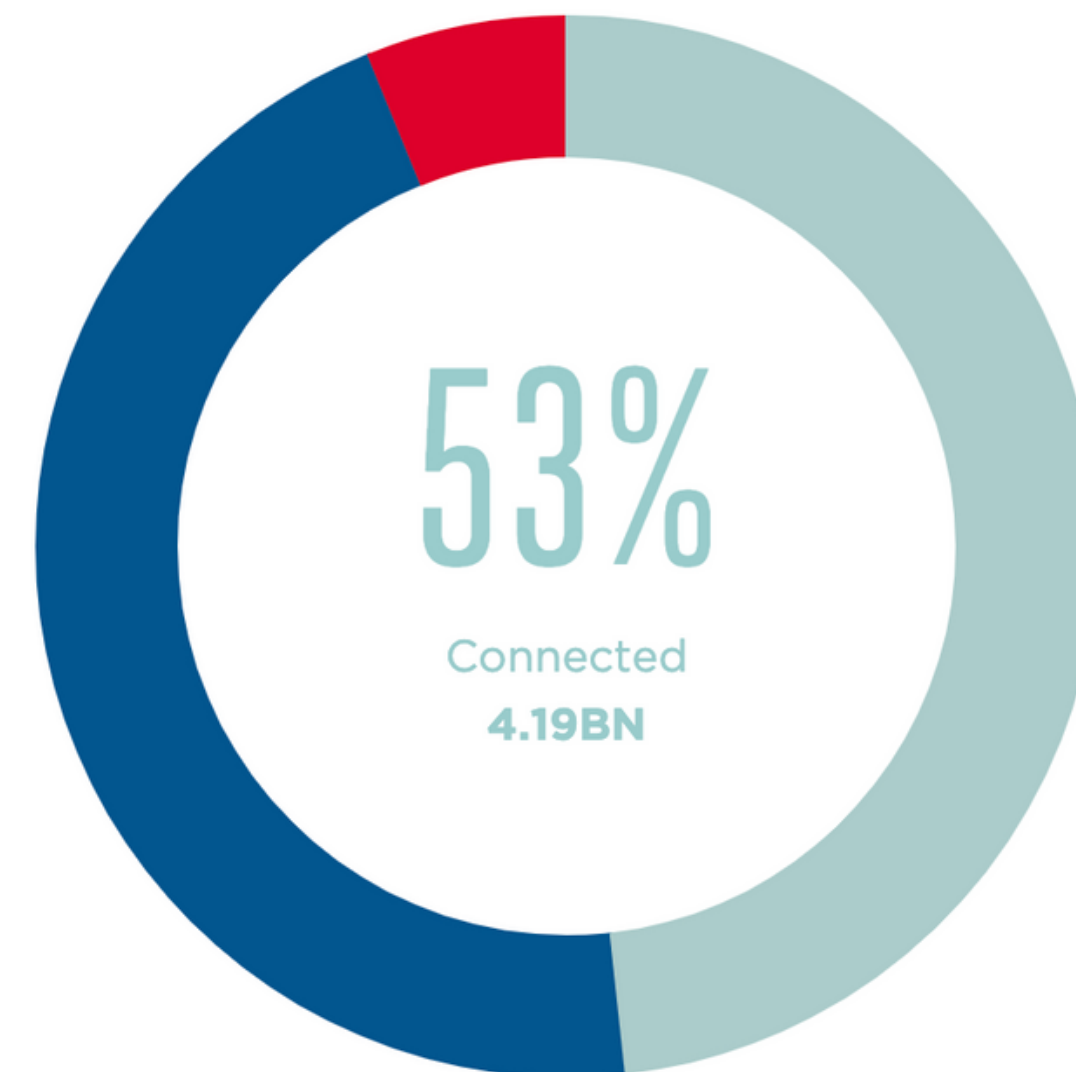
Those who have used internet services on a mobile device.

Usage gap

Those who are within the footprint of mobile broadband but do not use it.

Coverage gap

Those who do not live within the footprint of a mobile broadband network.



Source : GSMA

Identity Core Values.

3 levels

Social. Identification has a social and emotional value primarily. Someone who has an identification document feels that it exists. Lack of access to an identification document is an obstacle to social protection.



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Identity Core Values.

Economic. To access a job, save, have access to financing or make transactions with a financial institution, the citizen must hold an identification document.



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Identity Core Values.

Legal and civic. Holding an identification document is a right that develops respect and self-esteem. The holder of this document can exercise a set of rights such as voting and participation in public affairs.



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Identification

About a billion people worldwide cannot prove who they are, and many millions hold identity documents that cannot be reliably and efficiently verified or authenticated. They are deprived of their fundamental rights, exposing them to social exclusion.

Those who have ID don't realize how important it is.



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Digital identification is the process of using personal identification information (PII) in electronic form uniquely representing a natural or legal person or a natural person representing a legal person.



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Imagine that someone could open a bank account in just a **few minutes**. The process of checking the customer's identity (Know Your Customer: KYC) can be done **electronically**.

KYC is mandatory requirements to verify a consumer's identity and deepen knowledge about the risk profile and monitor suspicious activities between accounts.



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Digital identity : true financial inclusion starts here.
Use case : financial transactions

According to IMF, Latin America and the Caribbean continue to lag behind other regions regarding financial inclusion.



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Caribbean countries, including **Jamaica, Barbados, The Bahamas, and Trinidad and Tobago**, announced the implementation of national government-issued digital IDs. However, the **rest of the world** has moved yet to **m-IDs** i.e. digital identification hosted on mobile devices using digital identity apps.

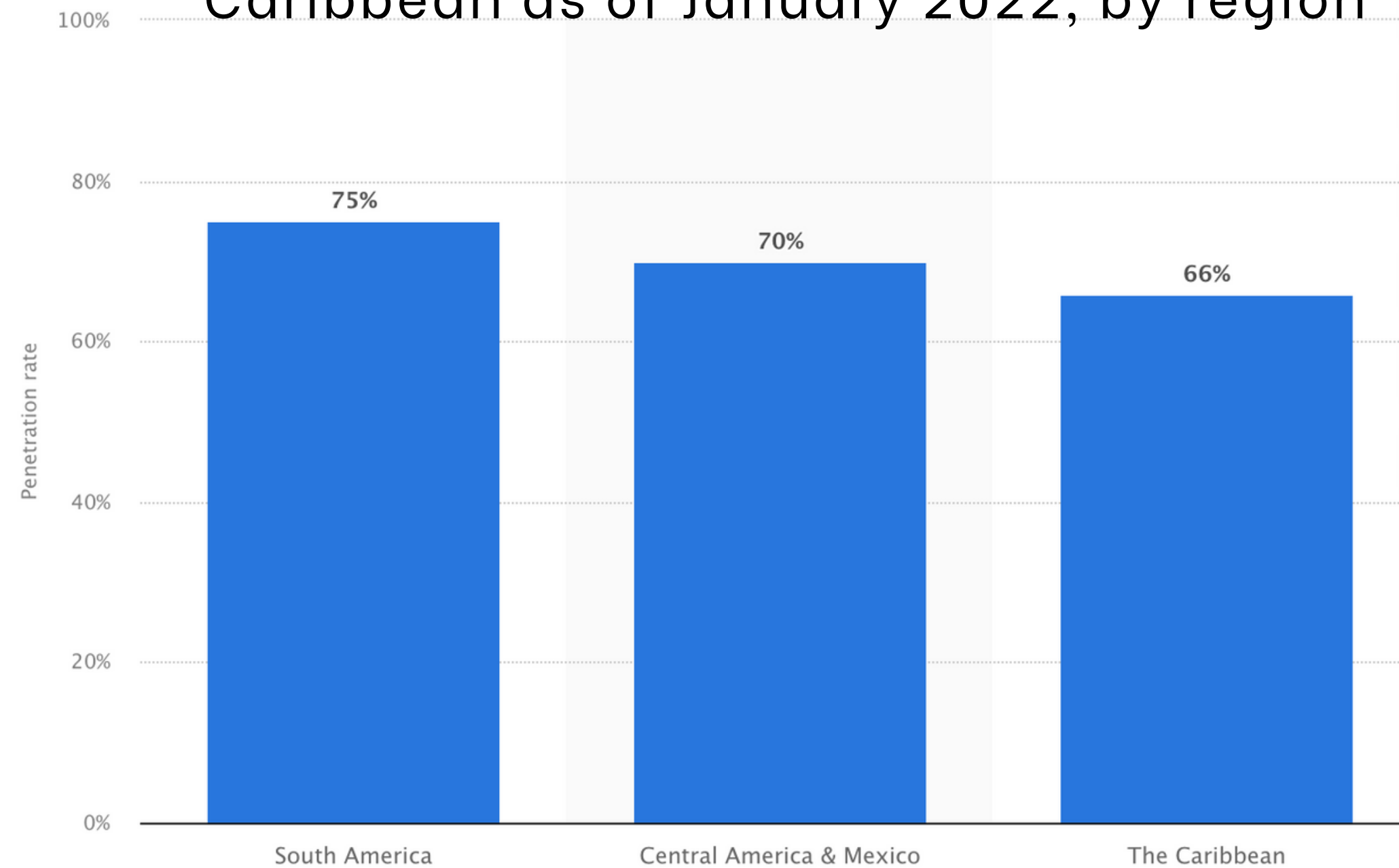


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Internet penetration rate in Latin America and the Caribbean as of January 2022, by region



Source : Statista 2022

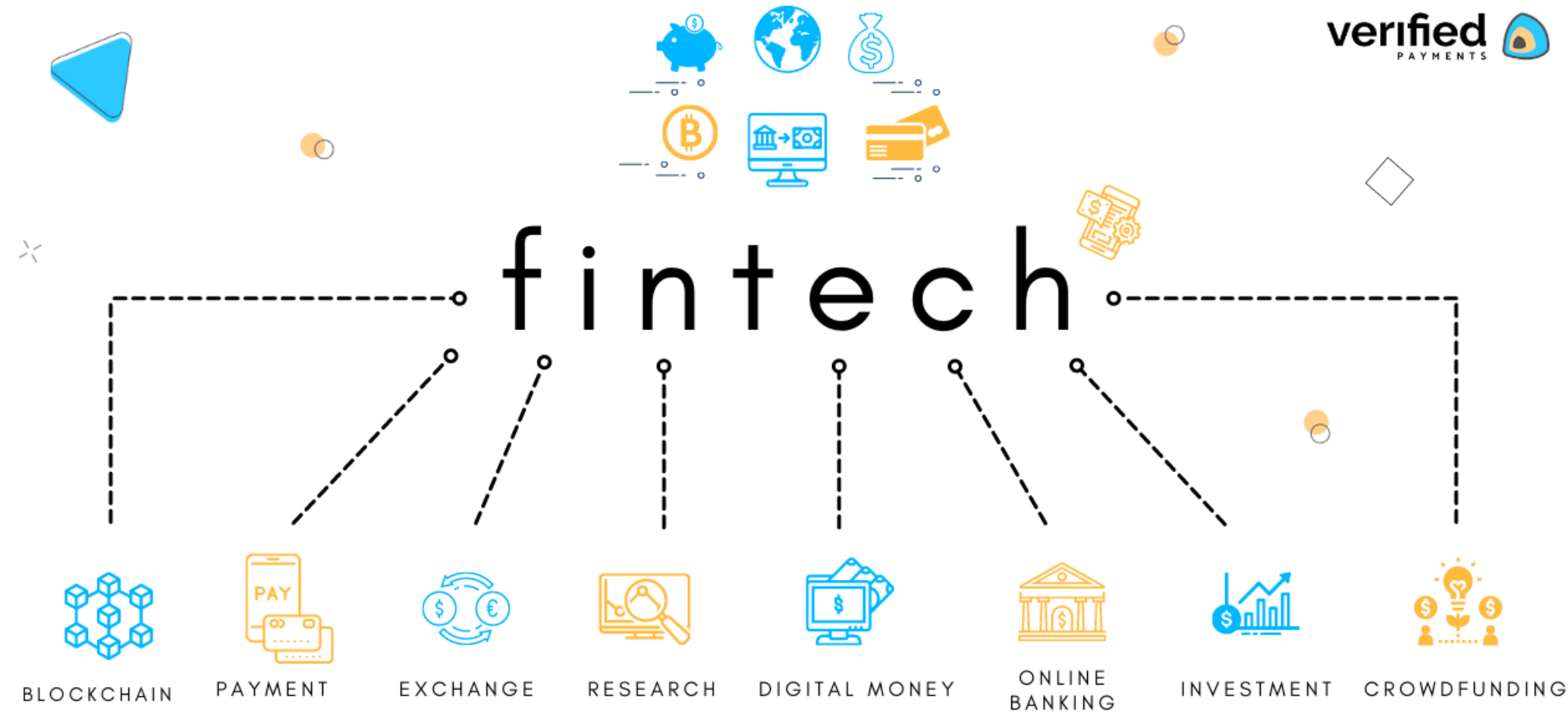


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Fintech combines two words – “financial” and “technology”. Fintech meaning is usually described as a technology that is being applied to improve financial services.



The fintech industry doubled in size in three years in
Latin America and the **Caribbean**.

IDB Study **April 26, 2022**

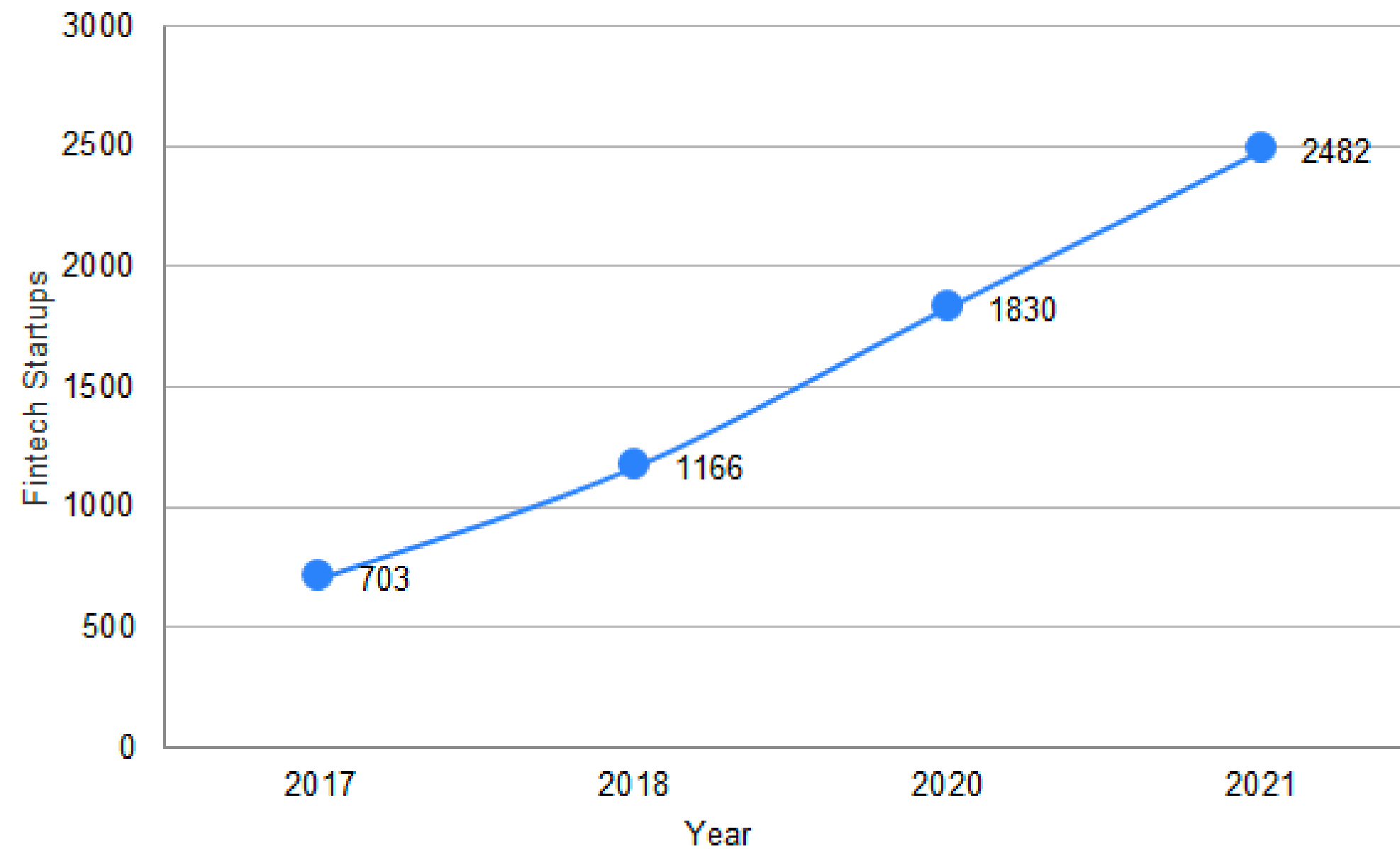


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Fintech platforms growths at 112 percent from 2018 to 2021.



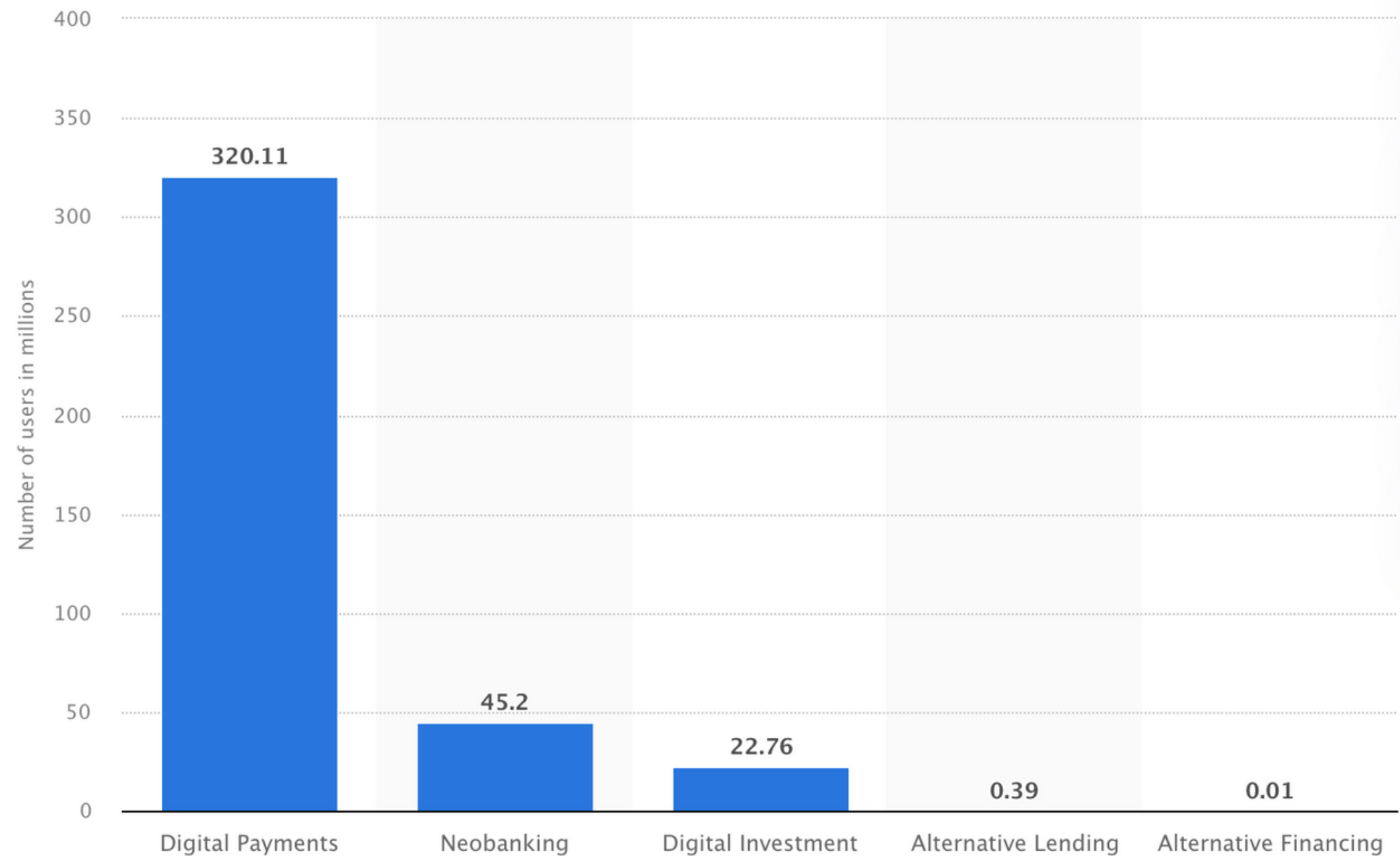
Fintech startups in Latin America and the Caribbean, 2017-2021

Source : Inter-American Development Bank



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Number of fintech users in Latin America and the Caribbean in 2021, by segment
Source : Statista

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Fintech advances

- Reduction of transaction and service costs
- Promotion of financial inclusion
- Support of growth and reduction of poverty
- Enhancement of competition in the financial sector
- Improvement of intermediation.

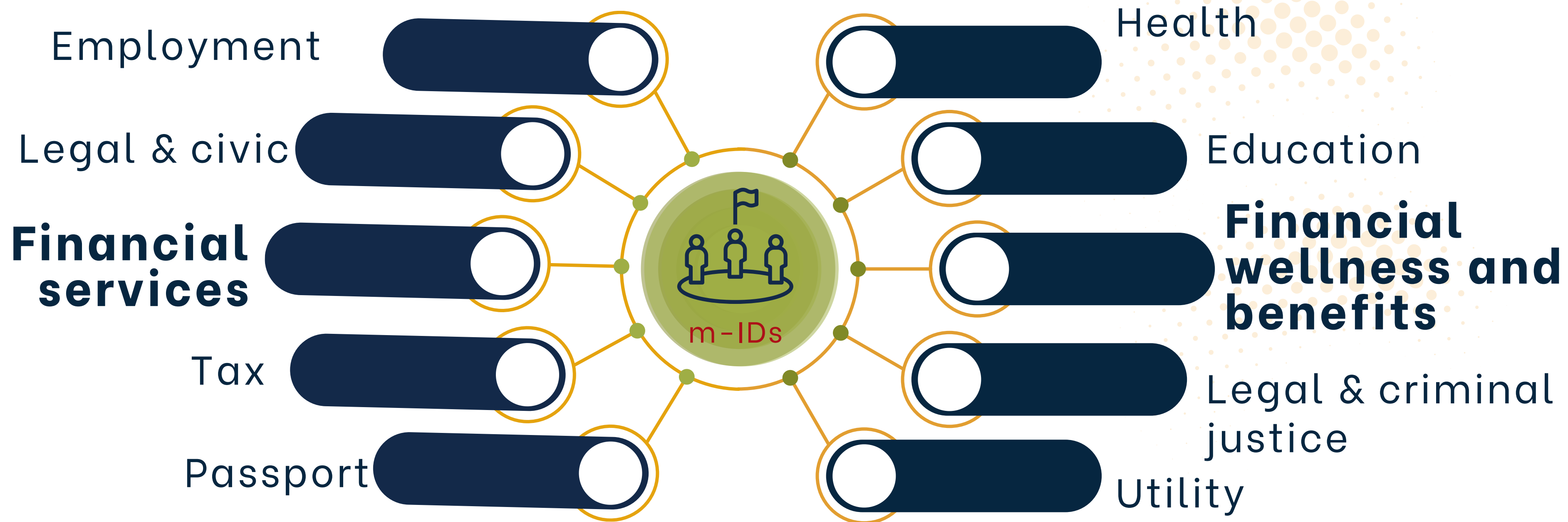


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Citizen-centric is **not** an option.



Challenges and threats

- Being defrauded / losing money – 49 percent
- Cybercriminals gaining access to my data – 49 percent
- Someone gaining access to my mobile – 47 percent
- My online activity being monitored – 43 percent
- Losing data from my device – 41 percent
- Companies sharing or selling my data – 39 percent
- Spam / junk email – 37 percent
- Companies experiencing a data breach – 33 percent

Source : Mobile Ecosystem Forum (MEF)



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The Future of Digital ID is Mobile



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Insufficient national cybersecurity capacity

Gaps can take the form of insufficient threat intelligence, breach monitoring and emergency response, sub-optimal hardware or software platforms, too few or insufficiently skilled cybersecurity analysts, weak cybercrime and cybersecurity legislation and weak cyber prosecution.

Lower government capacity and/or trust

In certain countries, governments may have limited fiscal, technological, and administrative capacity to implement and/or regulate ID systems. Political instability and violent conflict may create or compound these difficulties in certain geographic areas or country-wide.

Weak civil registration systems.

Both CR and ID systems are crucial to ensuring legal identity for all (SDG 16.9) throughout a person's lifetime. In many developing countries, however, CR systems have historically been weak. For example, approximately 60 percent of children under five-years old living in the least developed countries have never had their births registered (UNICEF 2017), while death registration rates are even lower.

Limited connectivity and other infrastructure.

Gaps can take the form of insufficient threat intelligence, breach monitoring and emergency response, sub-optimal hardware or software platforms, too few or insufficiently skilled cybersecurity analysts, weak cybercrime and cybersecurity legislation and weak cyber prosecution.



Lower literacy levels

Significant portions of the population may have lower literacy levels, both in terms of reading ability and the use of digital technology. This may translate into difficulties with enrollment, as well as the use of these systems for segments of the population who are likely to be among the most vulnerable.

Source : World Bank

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**Security
and Privacy**



Fraud

RISKS
User level

Compliance



**Ownership
and Ethics**

Thank
you



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