Electronic authentication: Bridging the technology gap

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1. Introduction

1.1 21st century identity authentication

Providing proof of identity (ID) is a fact of life when it comes to applying for certain government services. Each year, the government spends billions of pounds on permit and benefit schemes including; resident and disabled parking, council tax and housing benefits, travel and leisure cards, and alcohol and taxi licences. To establish the credentials of individuals applying for these services, the government relies predominantly on paper-based documentation such as passports, driving licences, utility bills and birth certificates.

Whilst we now expect to have to provide proof of ID and/or residence, at the same time we lead increasingly busy lives. Many customers would prefer to apply for services online but applications cannot be completed via this channel whilst the ID authentication process is still paper-based. Individuals therefore have the choice of visiting government offices in person or sending their valuable ID documents by post.

Paper based authentication has also become an administrative burden for the government. Staff must be trained to identify fraudulent documents and documentation should be copied and stored for future reference. Even when these processes are fully in place, it is quite likely that fraudulent applications will still slip through the net.

Despite counter-fraud initiatives from the Department for Work & Pensions (DWP), benefit fraud still cost the government £800 million in 2006-7. Meanwhile, driving licences, passports and utility bills, the most relied upon forms of ID within local government, are frequently subject to forgery and fraud.

- 2006, the Identity and Passport Service had 16,500 fraudulent applications, 10,000 of which went undetected.

- In 2008, 3,000 blank passports were stolen in a raid on a delivery van

- Around 2,500 fraudulent applications for driving licences were detected by DVLA in the 12 month period to March 2007

- There are 80 million active National Insurance numbers in the UK, despite the fact that the country's population is only 60 million

1.2 Private Sector moves towards electronic authentication

Many organisations in the private sector have taken customer needs into account and moved towards a system of electronic authentication. The ID of an individual is verified by reference to a series of national databases. These systems reduce bureaucracy. They save time, make things easier for the customer and remove the need for local government to have to see and store paper-based proof of ID and residence.

Experian research in Autumn 2007 revealed that by 2009, two thirds of financial services organisations will use electronic authentication.

The Public Sector, however, has yet to widely adopt such systems. The approach of some government departments, such as DWP, is to still insist on paper-based authentication. As a result, there has been little impetus amongst local government to change and move towards a system of automated, electronic authentication.

2. Experian Research

2.1 Executive summary

Experian believes that electronic identity authentication is faster, cheaper and safer than paper-based alternatives. We also believe that this is what customers want as it opens up popular application channels such as the web.

In June 2008, Experian undertook a piece of research to try and substantiate these views. Experian commissioned YouGov to survey 189 local government executives responsible for managing services and benefits that require proof of ID. These executives work across Unitary Authorities, County Councils and District or Borough Councils across the UK.

The executives were questioned about the application process for these services and benefits. They were asked to indicate the type and number of ID documents required, channels for application, time taken to submit and check paperwork, and the risks involved in storing customers' proof of ID documentation.

At the same time Experian commissioned YouGov to conduct primary research among 1,143 UK citizens. This research study asked individuals how convenient or otherwise they found the process of providing paper documents as proof of their ID, and how they thought their local government could improve the

level of customer service offered. In addition, they were asked how they would prefer to apply for services and the level of trust they placed in government organisations to look after their personal data.

2.2 Difference of opinion

Local Government viewpoint
- 23 per cent said they do not believe identity fraud is a problem in relation to the services that they provide
- 20 per cent believe there is no risk at all in storing customer identity documents onsite
- Only 54 per cent said customers can apply for services/benefits online
- Of those that don't provide services online, 30 per cent admitted it is not something they are considering at present
- Only 8 per cent admitted that customers may be unhappy or very unhappy with current paper-based processes

Citizen viewpoint
- 40% of interviewees said that providing services over the internet was the most significant improvement government could make to service delivery
- A third of citizens find paper-based authentication inconvenient or very inconvenient

2.3 Research findings

The results of the surveys suggest that local government makes a concerted effort to verify the ID of individuals applying for services, licences, benefits and permits. However, the method for doing this is predominately via paper documentation. Just 8 per cent of respondents said they already have an electronic ID checking system in place. Of those that don't only 10 per cent of respondents said they are planning to switch in the next 12 months,

From the citizen standpoint, it seems the sooner local authorities move to electronic authentication the better. When asked 'What one thing could your local government do to most improve the level of customer service they offer?' 40 per cent of respondents chose 'Providing local services over the internet'. This becomes problematic when you rely on paper as proof of ID must then be sent via post, which poses a security risk. It also makes the process very fragmented.

2.3.1 Proof of ID

Despite the lack of movement towards electronic systems, it is encouraging to see that local government takes ID management seriously. 91 per cent of local government executives said they always ask for proof of identity for Council tax benefits, including

rebates. The figure for Housing benefits, including rent rebates and rent allowances, was 94 per cent. Again, this is impressively high.

The only area of concern is in relation to Taxi Licensing, where only 87 per cent of respondents said they always asked for proof of ID.

2.3.2 Types of ID

The most common forms of ID asked for are a passport and a driving licence. Again, it was encouraging to see that a high proportion of local authorities require at least two proofs of ID when issuing Council tax or Housing benefits. However, this does place the onus on the customer to pull necessary documentation together. From the citizen research, we know this is not something that customers find particularly convenient. In fact, a third said they find providing ID documents inconvenient or **very** inconvenient.

2.3.3 Paper takes time

49 per cent of executives said they think it would take less than one hour for a customer to complete the necessary ID and residence documentation. However, a third said it would take from a few hours or up to one week.

There does seem to be some acceptance that paper-based proof of ID can and does cause delays.

42 per cent of respondents said that they believe more than 10 per cent of applications are delayed because customers do not submit acceptable proof of ID or residency. In contrast, this process can be completed in seconds with electronic authentication, with no need for paper-based proofs.

"If you were to ask the average customer how long it took to complete the application and submit to you the necessary identity and residence documents what would they say?"

Percentage of respondents
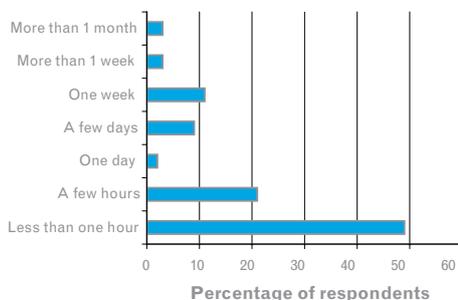
2.3.4 Head in the sand

In terms of customers' satisfaction with current paper-based ID and residency verification processes, only 8 per cent said they think citizens are unhappy or very unhappy. 24 per cent admitted that they didn't know. This is quite a contrast to the citizen research where, as mentioned before, a third find current processes inconvenient.

Respondents were also asked to

what extent ID and/or residency fraud is a problem in relation to the services that they provide. 23 per cent said they did not believe there was a problem and 20 per cent admitted that they did not know.

2.3.5 Fraudulent applications

Where levels of fraud can be quantified, 62 per cent of respondents said the percentage of fraudulent applications is up to 10 percent. Given the DWP's statistics on benefit fraud and the Audit Commission's figures on Blue Badge fraud, these estimates look conservative.

2.3.6 Security risk

Nearly half (40 per cent), said they do not have to store customer documentation. For best practise, organisations should store evidence that shows how they have established proof of ID and residence. With paper-based processes, this usually involves taking a copy of the relevant documentation and storing it.

Controversially, 20 per cent of respondents think that there is no risk at all in storing customer identity documents onsite.

"To what extent do you think that storing customers' paper ID documents on site is a security risk?"
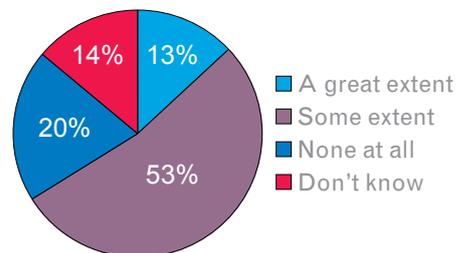
'**By comparing recorded deaths with the list of Blue Badge holders, investigators found that 16,102 people in 80 council areas were using badges belonging to the dead.' Audit Commission's National Fraud Initiative, May 2008**

In an age when identity fraud is all too prevalent, any customer information that is held onsite should be viewed as a security risk. Due to the various data security breaches that have been publicised in the press, the public need reassuring that their personal data is protected.

Looking at the trust citizens place in various types of organisation to look after their personal data, central government came out the worst with 32 per cent of those questioned placing "no trust at all" in them. The local government fared slightly better but reassurance is still needed here. It is arguable that data security and ID management go hand in hand. If the security issue is not addressed then future developments in ID management and public confidence may be compromised.

"On a scale of 1 to 5, where 1 is 'no trust at all' and 5 is 'the highest level of trust', what **level of trust** do you place in the following bodies to look after your personal data?"
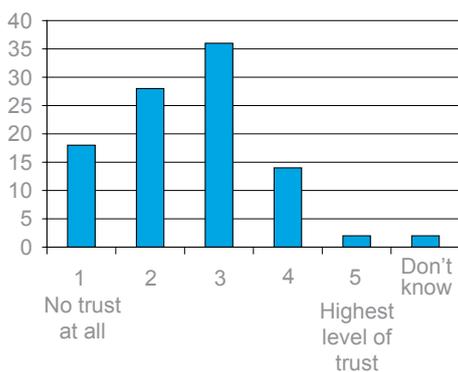

2.3.7 Application channels

Only 54 per cent, on average, across Unitary Authorities, County Councils and District/Borough Councils said customers can apply online. This figure seems somewhat low, given the Government's stated commitment to e-Government.

This situation doesn't look like changing any time soon. Only 18 per cent said their services will be available online within the next 12 months. 30 per cent admitted that this is something they are not considering at present.

"By what methods can customers apply for your services?"
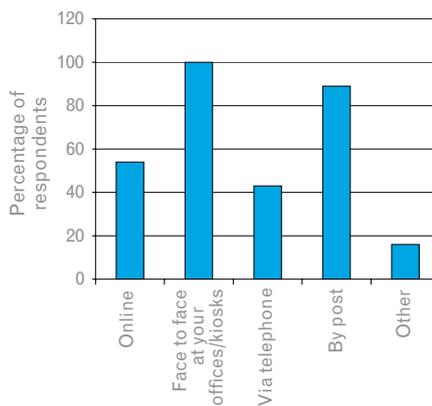
On the other hand, for citizens the online channel is their preferred way of applying for government services.

"In which ONE of the following ways would you prefer to apply for government services (e.g. benefits, parking permit, library card, registering with your local GP etc)?"
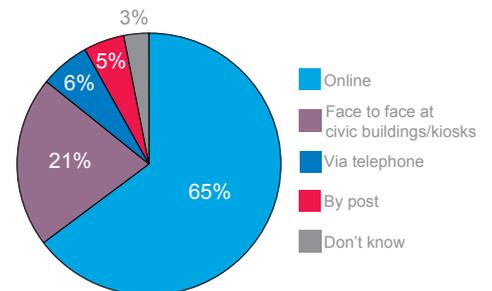
3. Conclusion

3.1 Time for change

Government departments up and down the UK are behind the times when it comes to ID verification. Despite the existence of proven systems for the electronic authentication of individuals' ID and place of residence, there is a widespread reliance on paper-based methods. Paper ID documents take time to process, are inconvenient for the customer, create unnecessary bureaucracy and put individuals' personal data at risk of being compromised. They also work against the provision of services via more convenient channels such as the web.

Some of the barriers to change could be; lack of awareness, actual fear of the costs and implications of change or the need for a joined up vision around ID management that is led from the top. Another barrier could be the hope that future initiatives such as ID Cards and the Police National Database will provide the answers.

What is clear is that electronic methods of ID verification, available now, are safer and cheaper than paper-based methods. Processing paper-based proofs costs significantly more than electronic authentication when you factor in elements such as staff training. In addition, electronic authentication gives people the choice of how they interact with central and local government.

Some parts of government have got the message. Westminster City Council, for example, is using electronic authentication for parking permit renewals. In the past its customers were required to appear in person at the council's one stop shop with up to seven identity documents including vehicle registration numbers and name and address details. Now everything can be done online using Experian's authentication solutions.

Dan Thomas, project officer for parking services at Westminster comments: "One of the benefits of this is that we can now spend more time with the people that need our help rather than in bureaucratic transactions. So really it's about deploying resources into the places where they can be most effective."

For the moment, this remains one of few isolated examples. If the government is committed to putting the customer at the centre of service delivery, then things need to change, and fast.

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