

# Biometrics and financial inclusion

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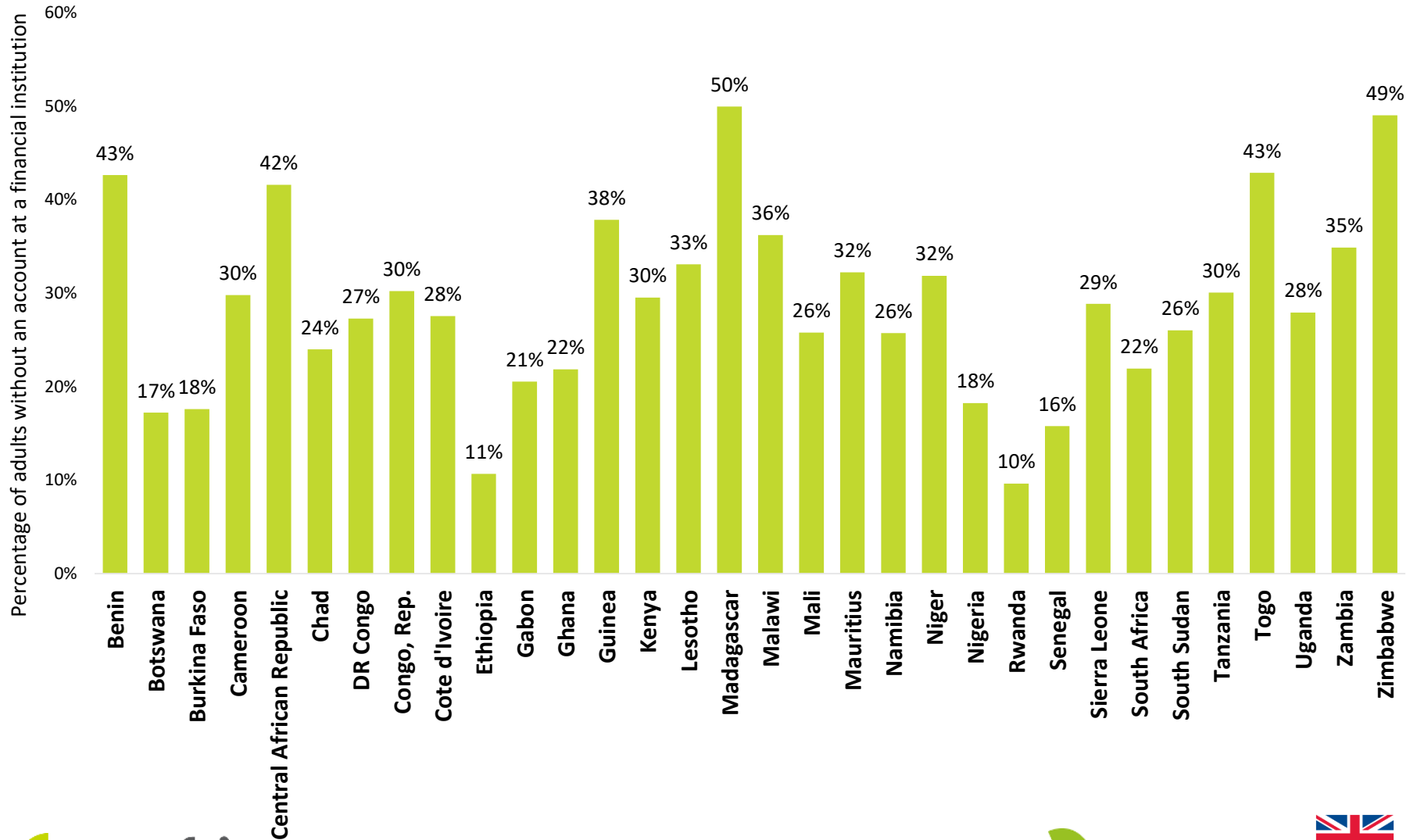
# Problem statement

“ The World Bank (2017) estimates that 1.1 billion people live without proof of identity ”



# Problem statement

## Financially excluded due to lack of documentation



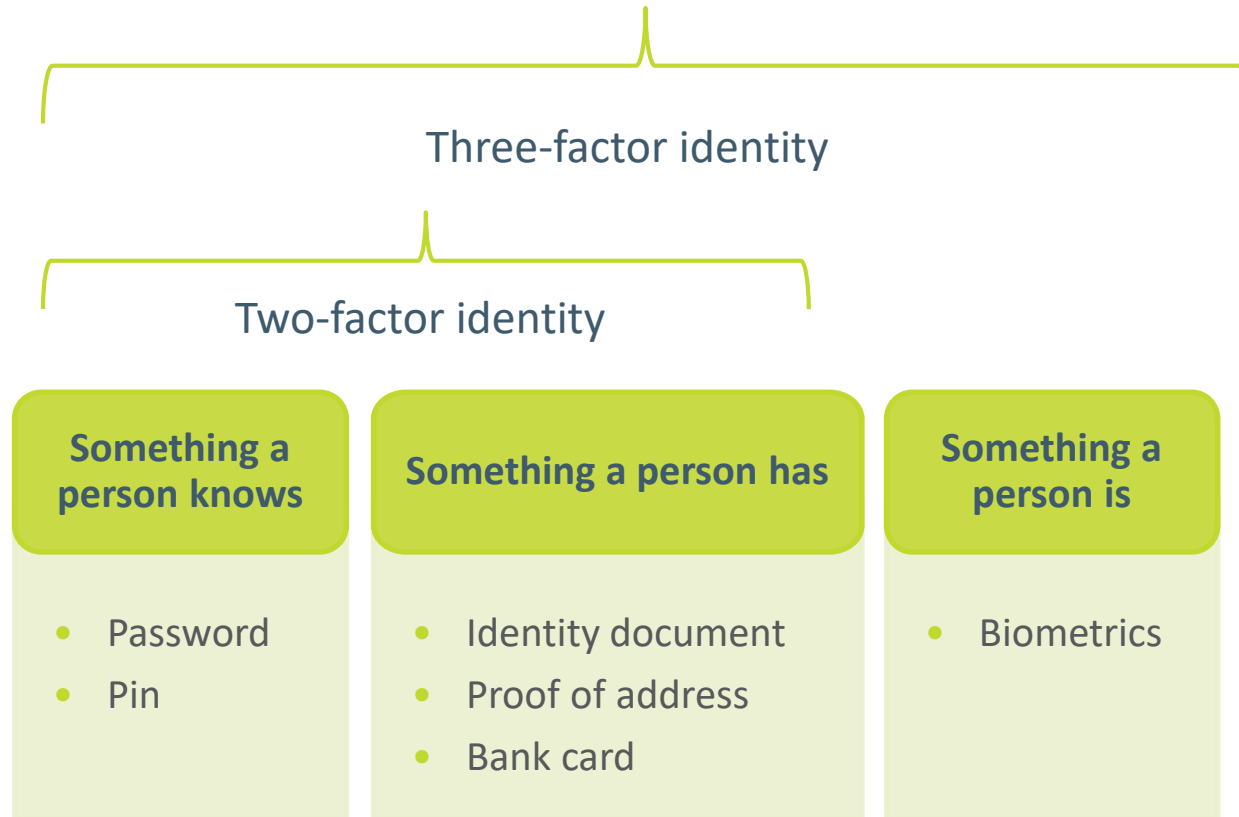
# Structure of presentation

- Identity
- What are biometrics and how do they fit into identity
- Use cases for biometrics
- Barriers
- Recommendations

# Identity

# What is identity?

*Identity is the collection of attributes about an individual or legal entity that can be distinguished as unique to that person or entity.*



# What is digital identity

- When some or all of these attributes are captured and stored digitally the composite resulting is known as a ***digital identity***
  - Example of digital identity: Identity card with chip storing information; identity information stored on a national database; Facebook

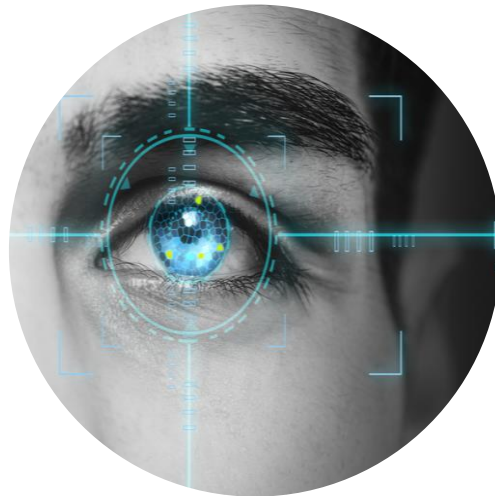


# Biometrics



# What are biometrics?

- Identification attributes based on **physical** or **behavioural** traits
- **Physical traits** refer to actual physiological aspects of a person, such as their fingerprints, facial features, or the sound of their voice.
- **Behavioural traits** refer to distinctive behaviours, habits, and micro-habits that distinguish a person
- These biometrics traits can be used as part of a **digital identity**



# How are biometric data captured and stored?

“ A biometric template, or profile, is a statistical analysis of the measurement resulting in a specific reduced data set that can be used to represent the physical characteristics or features of an individual ”



# How are they used?



## Identification

Asks the question: *who is this person?*



## Verification

Asks the question: *is this person who they say they are?*

# Use cases

# Use cases: What is so great about biometrics?

**Robust identifier**

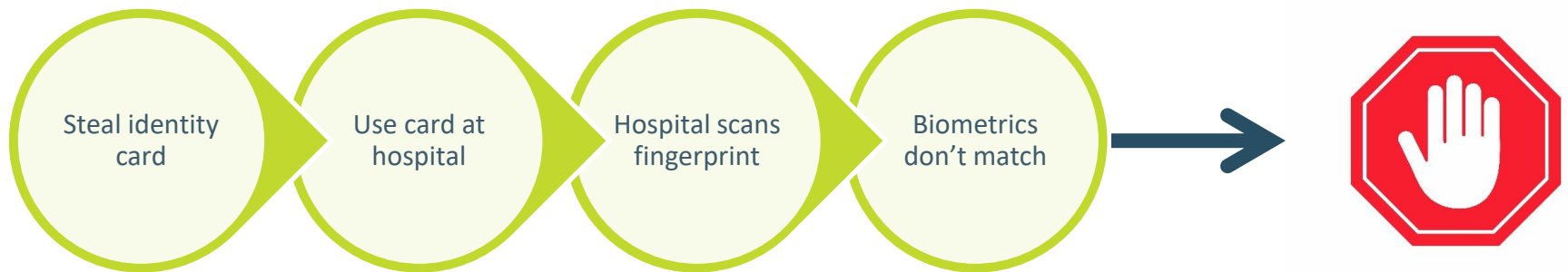
- *More accurate identifier than paper*
- *More protection from fraud*
- *Easy to store and manage*

**Inherent to the consumer**

- *Can't lose your biometric (or can you?)*
- *Identity theft more difficult*

# Use cases

- How do biometrics stop fraud?



# Use cases: the banking and financial services sector

- Being able to confidently identify your customers enhances understanding of consumer risk profiles
- More convenient for consumer
- Safer for consumer
- If linked to a national biometrics identity database, can reduce onboarding cost and increase efficiency through e-KYC
  - Aadhaar India



# Barriers



# Barriers

## High capital cost

Lack of harmonisation between departments limits use cases

## Limited political will

Failure to follow through and complete projects

## Underdeveloped infrastructure

Slow or absent network coverage limits usability

## Lack of training and skills

Staff not trained or skilled enough to use devices

## Privacy and trust

Citizens are concerned for their privacy

# Recommendations

# Siloed Biometric initiatives can be overcome by an interoperable and harmonized approach

This may be achieved through the harmonization and effective leveraging of components for improved implementation

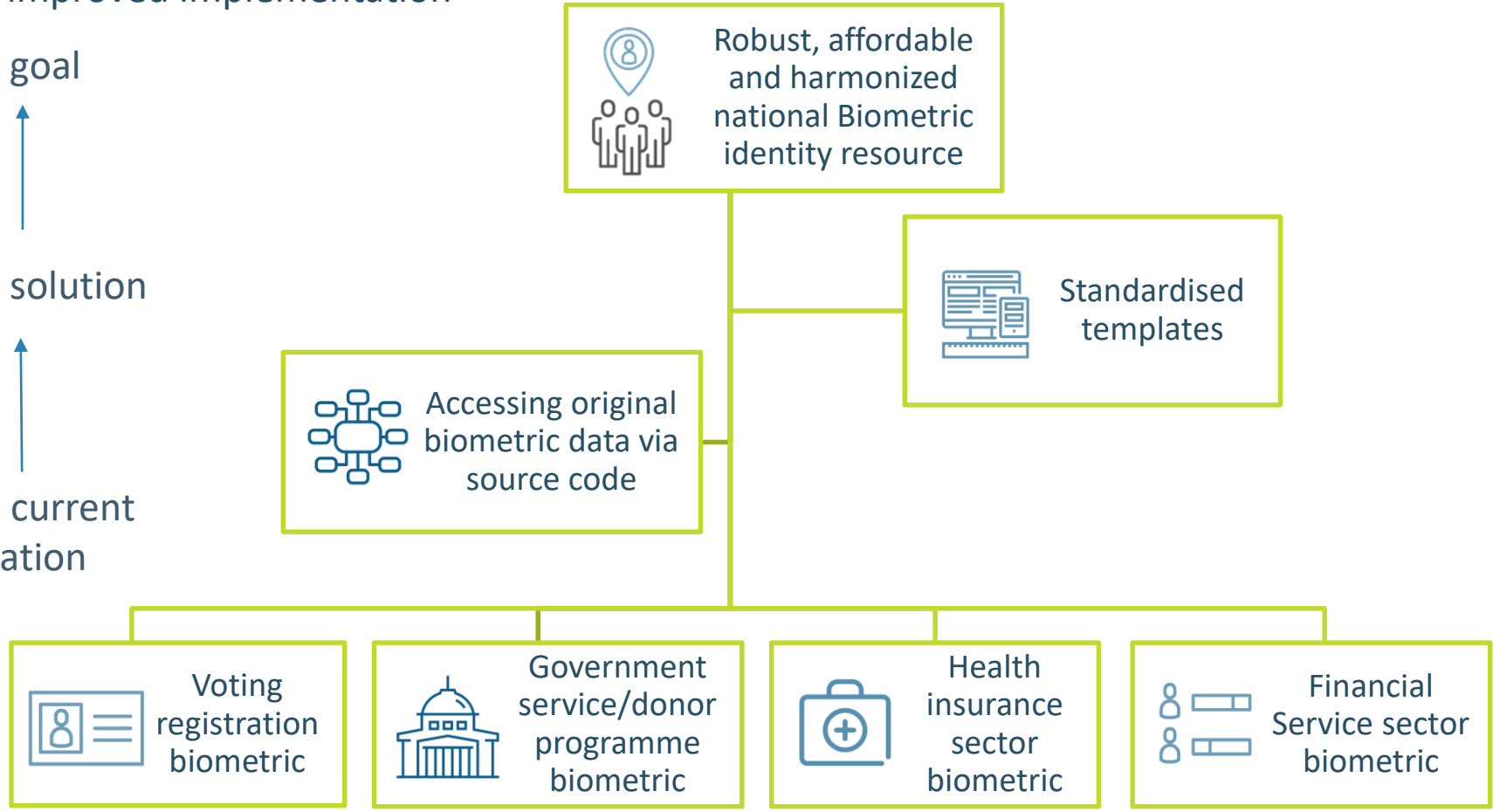
The goal



The solution



The current situation



# Further recommendations

- Develop data protection and privacy legislation
- Conduct business feasibility studies to assess which biometrics options to use
- Ongoing training and mentoring of staff

# Thank you

## About Cenfri

The Centre for Financial Regulation & Inclusion (Cenfri) is a global think tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors seeking to unlock development outcomes through inclusive financial services and the financial sector more broadly.

