Whitepaper

CHANGE YOUR IDV APPROACH TO PREVENT FRAUD AND REDUCE CHURN

You have been investing time and money on optical checks for verifying your customers' identities. But is your solution secure enough? Is it fast enough, or do people leave? Are your customers happy with the process, or could conversion be better? We explain why ReadID NFC-First identity verification technology reduces fraud and grows conversion.

IDENTITY VERIFICATION AS AN ASSET IN YOUR COMPANY

Customers demand real-time digital services, around the clock. If a service provider cannot deliver fast enough or creates unnecessary hurdles in the process, a digital competitor is virtually around the corner. But you must prevent fraud, ensuring you know who you are dealing with.

Not only when onboarding new customers but also in later customer contacts you need to ensure their identity- when binding a new phone for internet banking, proving the right for pensions or resetting a second factor for your employees. You need identity verification (IDV) as an asset throughout the customer journey. Digital solutions for identity verification have been in the market but have their disadvantages.

Why do current digital solutions, based on optical or video verification, no longer suffice? And why does NFC-first identity verification help you get the job done properly? Modern passports and identity cards are equipped with a chip following the ICAO 9303 standard.

This chip contains similar information as can be seen on the document, but with several crucial differences. All information is digitally signed and cannot be manipulated without us noticing. Also, the face image is available at a high resolution, without additional watermarks – a better starting point for face matching. We can even detect perfect copies of chipped identity documents.

Figure 1. Picture in chip and on document- quality difference

OPTICAL SOLUTIONS CAN BE FOOLED, OFTEN QUITE EASILY

Are you positive that the image of the identity document isn't rigged? That the person on the other end is there, and the identity document is authentic? Tests have shown that a bit of photoshopping does the trick for identity document in way too many situations. You do not need expensive equipment or expertise for that. Photo paper and a printer should do the job.

Therefore, you need to complement the first customer onboarding step with costly, complicated, and data-intensive fraud analyses along the edges of what GDPR would allow. Nobody wants data-intensive fraud analyses if they can do without them.

OPTICAL CAUSES CHURN

Optically entered details still must be verified manually sometimes, by a qualified person sitting in an office. That takes time and can lead to repeated questions for your new customer. Research showed that 10 minutes is a tipping point for many customers to open an account and less than 3 minutes for transactions.

Any manual intervention or iteration will take you way beyond that tipping point. Enough for people to break off the process before completion and turn to more instant alternatives.

OPTICAL CHARACTER RECOGNITION COMES WITH MISTAKES

It is hard to create a great picture of something as small as an identity card or a driver's license. When image quality may be poor, it can lead to an incorrect reading of details and misspelt names and dates. Tests indicated up to 10% of words contain errors and that diacritics are usually ignored. When reading the chip, you are certain that all data is correct and has not been tampered with. Signed by the corresponding authorities, no mistakes possible.

NFC HAS BETTER CONVERSION

Optical identity verification can go wrong quite easily. Someone may have held a thumb over vital information while taking a photograph. Or the sun or light caused glare on the ID card's plastic, making the displayed information unreadable. People will break off their IDV process halfway if they are unhappy about going through the same process again.

NFC, on the other hand, offers a secure, incorruptible link between an identity document's chip and our technology. This makes for quick and fault-free data transfer. Anyone can do it, and most of the time, in one go. Our customers have created conversion percentages of over 95%. How much will you save if you get to 95% the first time right?

FLUCTUATING DEMAND REQUIRES FULL AUTOMATION

Identity verification requests can come in peaks that are difficult to predict. Some optical verification methods still require staff to validate exceptional cases by hand. They simply cannot handle a sudden spike in requests, nor can you quickly grow your staff. Fully automated solutions can grow and shrink with demand, almost unlimited.

NFC has proved capable of effortlessly and flawlessly handling hundreds of thousands of scans per day. In the age of the instant internet, slow processes and manual steps inevitably lead to losing potential clients and high costs.

THE ULTIMATE DEFENCE AGAINST DEEPFAKES

The cryptography in identity document chips makes them the ideal defence against deepfakes. The standards of the security measures in identity document chips are outlined in the International Civil Aviation Organisation's (ICAO) Doc 9303. Even physical fake identity documents cannot replicate the signatures placed in chips by issuing states, so no matter how convincing a fake might be it remains just that- a fake. In a matter of seconds, an NFC verification would highlight that a chip has been manipulated or duplicated- Inverid's ReadID solution has 0 known false accepts.

NFC identity verification is not only deepfake-proof but makes deepfakes irrelevant. Rather than relying on a picture of a picture, NFC relies on cryptographically signed document chips. Deepfakes don't have chips in their fake IDs. With an NFC reading, the face image in the chip is available in high-resolution, and a replacement of any kind, AI generated or not, will be detected by the security mechanisms inherent in these chips. In short, when it comes to remote identity verification, you cannot trust what you see of an identity document - only what you read and verify with NFC from the chip inside it.

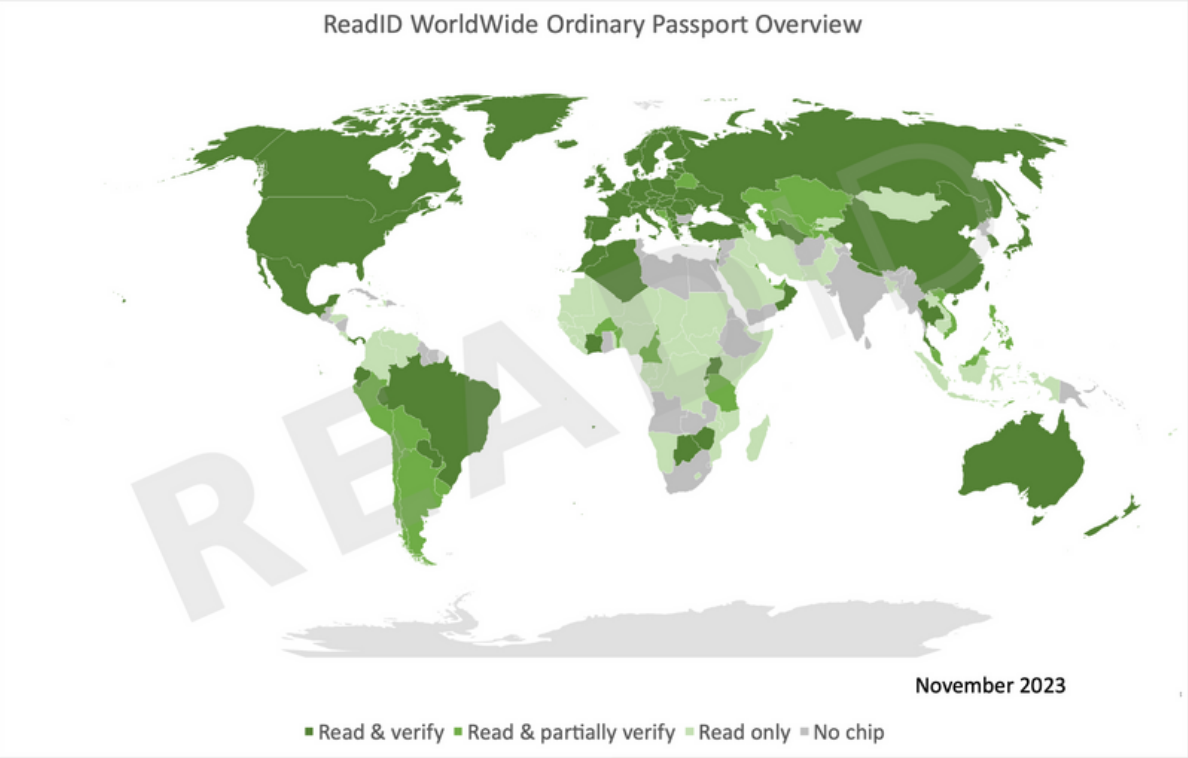

Figure 2. Global document coverage of ReadID, November 2023

GLOBAL COVERAGE: NFC-FIRST, NOT NFC-ONLY

More than 170 countries and regions currently issue passports and identity cards with chips, and this number is growing rapidly. Europe and North America are fully covered already, as are Australia and New Zealand, as well as most of South America. Africa is picking up quickly, as is India.

But you want the remaining no-chip countries covered as well. That is why ReadID follows an NFC-First approach, not NFC-only. For the cases without chipped identity documents, ReadID also offers traditional optical verification through our partners.

It may be less secure, not as user-friendly, but fine as an alternative. So, combine ReadID NFC-based with your preferred optical solution, or have us orchestrate the combination if you really want 100% coverage.

TIME TO CHANGE

Switching to NFC-based identity verification creates a 100% secure, 100% automated, scalable IDV process that creates conversion. Add optical as a fall-back for 100% coverage. ReadID is the leader in NFC-based identity document verification, orchestrating with face verification partners and optical back-ups. Follow a best of both worlds NFC-first strategy by introducing ReadID technology and growing trust through identity verification.

> **"ANY VISUAL ASSESSMENT (AUTOMATED OR HUMAN-DRIVEN) OF DOCUMENT AUTHENTICITY IS ULTIMATELY PROBABILISTIC."**
>
> Gartner's Market Guide for Identity Verification 2023

Table 1. Summary of NFC versus optical identity verification

	NFC	OCR
Conversion	90-96% Better facial conversion	Lower Trade-off between conversion, security and data quality Additional checks needed to compensate for security
Scalability	No manual component, scales well	Large numbers and especially peaks are a problem
Security	Basically no fraud Clone detection	Photoshopping often not detected Professional forgeries rarely detected
Real time	~0.2s	30 seconds to 15 minutes, depending on human agents
Documents	NFC-only	All
Data quality	100% accurate	OCR mistakes

Want to know more about ReadID?

Try our free personal app ReadID Me and experience NFC identity verification technology for yourself.

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