McKinsey Global Institute

Digital Identification

A key to inclusive growth

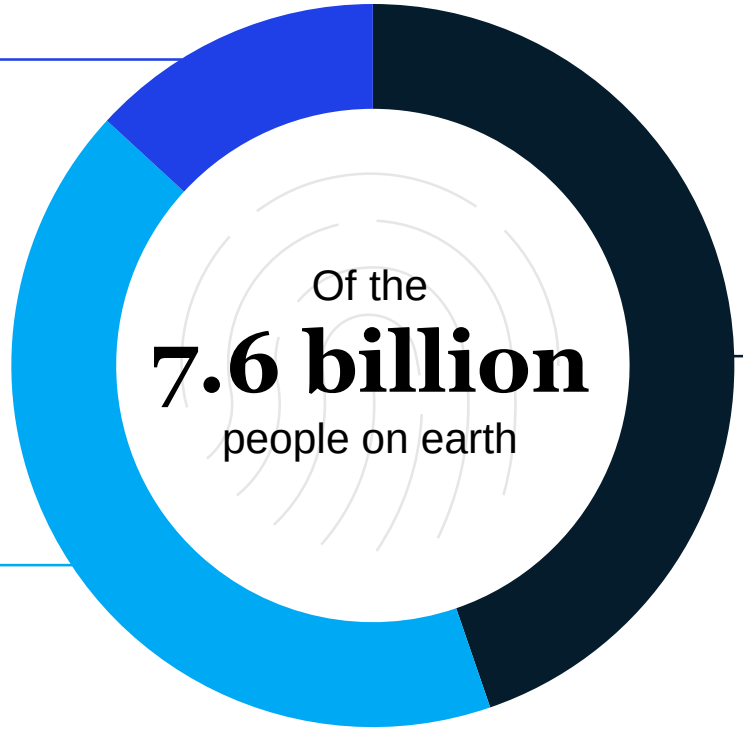
Digital ID matters – a billion people in the world lack legally recognized forms of identification.

1.0 billion

people are estimated to lack a legally recognized form of ID

3.2 billion

have some form of ID and a digital trail

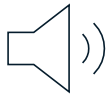


3.4 billion

people have some form of ID but no digital trail

Good digital ID creates value while protecting users.

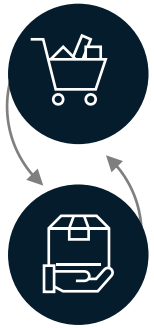
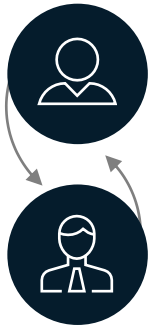
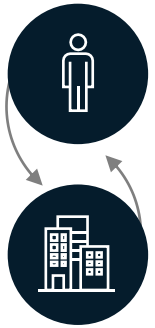
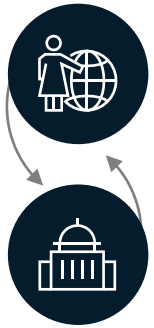
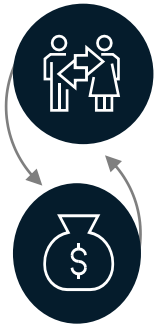
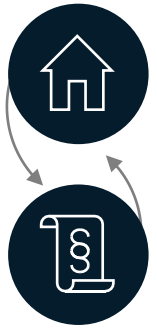
Digital ID authenticates ID through factors like….

Who you are	 **Fingerprint**	 **Iris**	 **Face**	 **Voice**
What you know	1234 **PIN**	P@55WØrD **Password**	A1B2C3 **Verified sequence**	
What you have	 **Smart card**	 **Mobile phone**	 **Security token**	

Good Digital ID is…

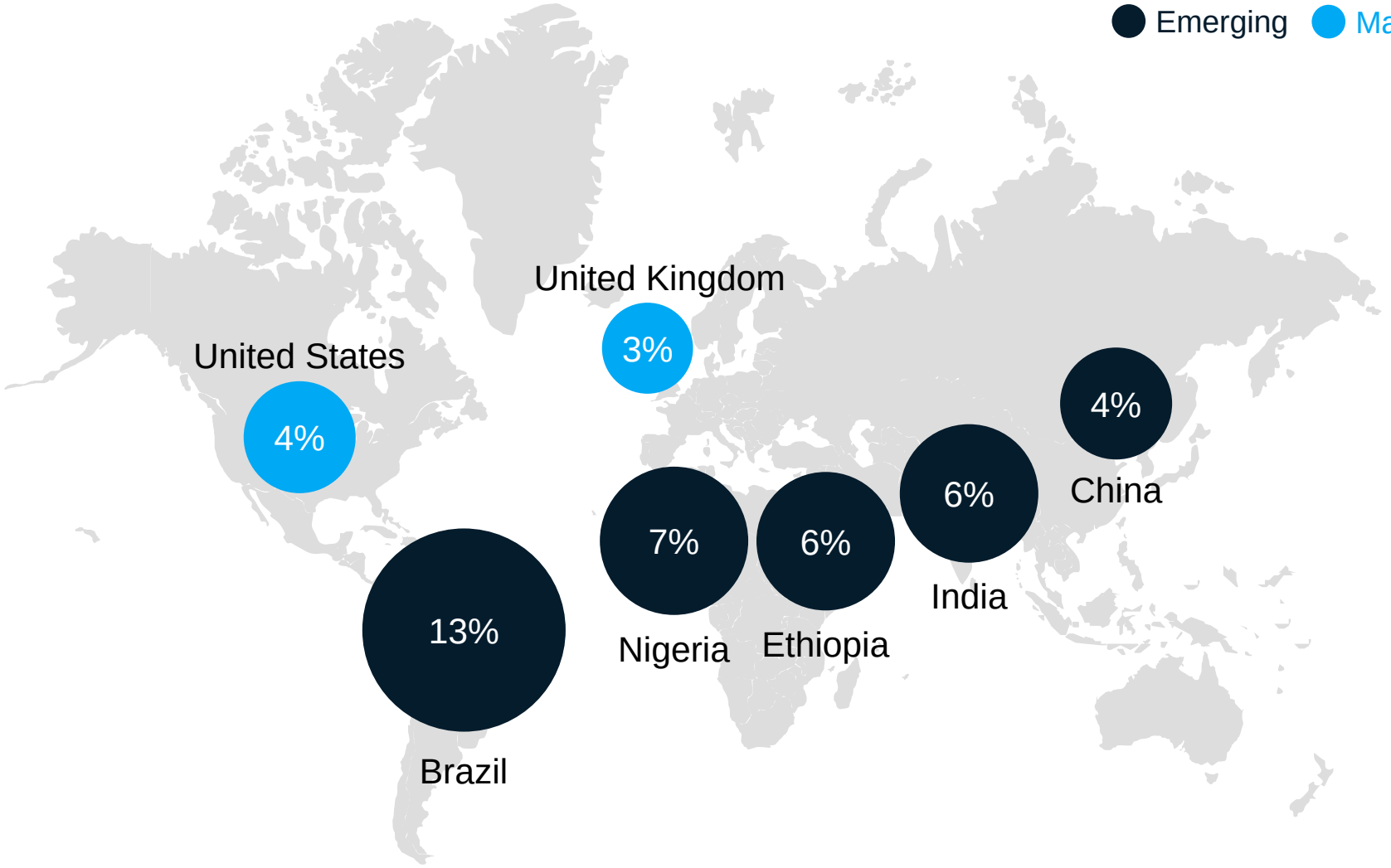
- Verified and authenticated to a high degree of assurance
- Unique
- Established with individual consent
- Protects user privacy and ensures control over personal data

Individuals can use digital ID in six roles to interact with institutions.

1	2	3	4	5	6
Consumers	**Workers**	**Micro-enterprises**	**Civically-minded individuals**	**Taxpayers and beneficiaries**	**Asset owners**
					
Commercial providers of goods and services	**Employers**	**Consumers and broad range of institutions**	**Governments and other individuals**	**Public providers of goods and services**	**Asset-based service providers and buyers**

Source: McKinsey Global Institute analysis

At the country level, digital ID could unlock 3 to 13% GDP by 2030, with a large share accruing to individuals.



Average per country economic value potential, 2030 (% of GDP)

3% Mature economies

6% Emerging economies

Average share of individuals

40% Mature economies

65% Emerging economies

At the same time digital ID could be misused, and presents risks even when used appropriately.

Potential for misuse without proper controls …

Digital ID is akin to “dual use” technologies that can be employed both to benefit society and for undesirable purposes, similar to

- Social media
- GPS
- Nuclear energy

… and risks even when used appropriately

Digital ID presents risks present in any digital technology with large-scale population-level usage, such as

- System failure
- Privacy violation

Digital ID presents some risks found in conventional ID programs, such as

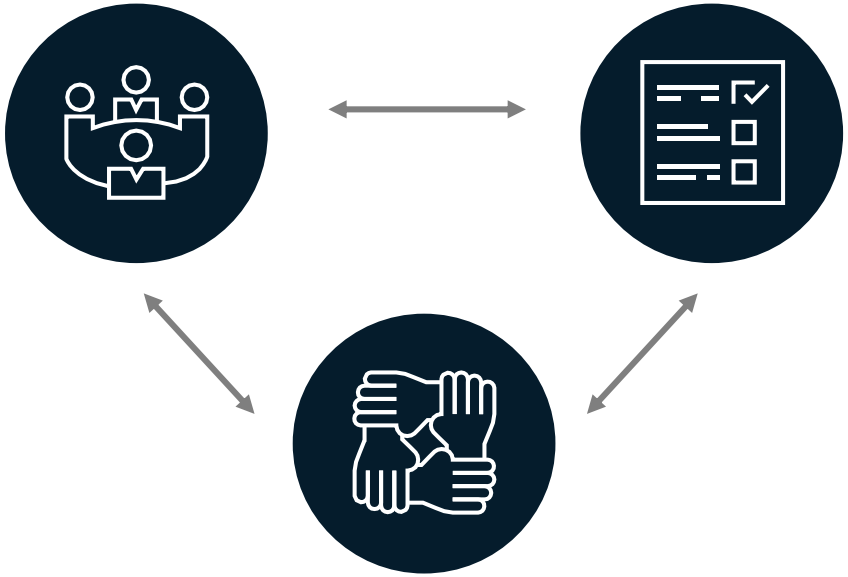
- Exclusion of individuals
- Poor data entry, inadvertent data release
- Unsecured communication with vendors

Careful system design and well considered policies are needed to promote uptake and mitigate risks.

Digital ID can be misused without proper controls and presents risks even when used appropriately

Plan for more value, less friction

- High-value use cases
- Seamless registration
- Investment in user experience



Make deliberate design choices

- Ownership structure
- System and hardware design
- Program governance and contingency plans

Strengthen the foundation

- Digital infrastructure and access
- Trust among participants
- Regulations to protect privacy and address risk

Governments, companies, and civil society each have a role to play to unlock the value of digital ID.

Governments can…

- Frame policies and laws to enable adoption, protect users
- Collaborate for cross-border standardization
- Work with the private sector to understand the economic case
- Explore public-private and consortium-led models

Businesses can…

- Innovate digital ID-enabled use cases
- Facilitate global standards
- Conduct bespoke cost-benefit analysis
- Propose new forms of provision

Civil society institutions can…

- Educate individuals to capture value while retaining control
- Advocate for safe, accessible, and socially beneficial digital ID

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Thank you

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