

SOUTH AFRICA'S **DIGITAL IDENTITY** JOURNEY

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Furthermore, they are rarely challenged or audited by senior executives, board members, and investors in a very serious way.

Wouldn't it be better to track, in a more sophisticated way, the or median statistics? No, Taylor said. By concentrating solely on those most enthusiastic about their rental experience, the company could focus on a key driver of profitable growth: customers who not only rent again but also recommend Enterprise to their friends. Enterprise's approach surprised me, too. Most customer satisfaction surveys aren't very useful. They tend to be long and complicated, yielding low response rates and ambiguous implications that are difficult for operating managers to act on. Furthermore, they are rarely challenged or audited because most senior executives, board members, and investors don't take them very seriously.



WHAT IS THE NEED FOR DIGITAL IDENTITY IN SOUTH AFRICA?

The global COVID-19 pandemic saw South Africa implement a country-wide lockdown at midnight on 26 March 2020, with a phased return-to-work approach starting from 1 May. The lockdown measures, both in South Africa and worldwide, have caused major disruptions along all supply and demand chains in the economy, severely impacting economic growth. This trend of low economic growth continued throughout 2020, with the economy contracting by about 7%.¹

The COVID-19 lockdown has forced South Africans to use digital platforms more than before. It has led to an increased need for digitalisation and the roll-out of a digital identity system, due to individual needs to do more online rather than face-to-face transactions.

The introduction of a digital identity has the potential to open new opportunities for the unemployed, vulnerable and/or elderly. A digital identity would assist them to verify a secure identity and include them in the economy, which in turn would give them easier access to, for instance, employment, social benefits and government services.

WHAT IS DIGITAL IDENTITY?

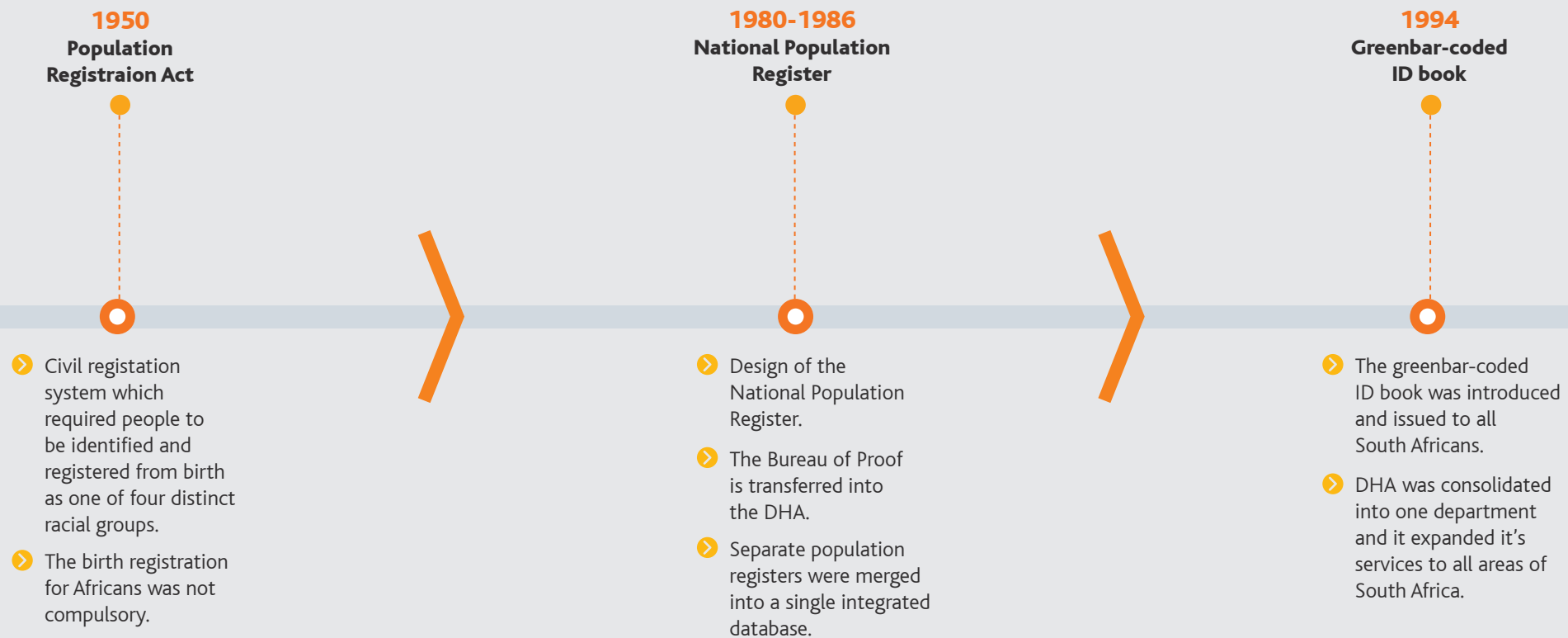
Digital identity is a set of electronically captured and stored attributes and credentials that can uniquely identify a person.² Identity attributes can be used to unlock access to banking, government benefits, health, education and other critical services.

¹ Fitch Solutions, 2021

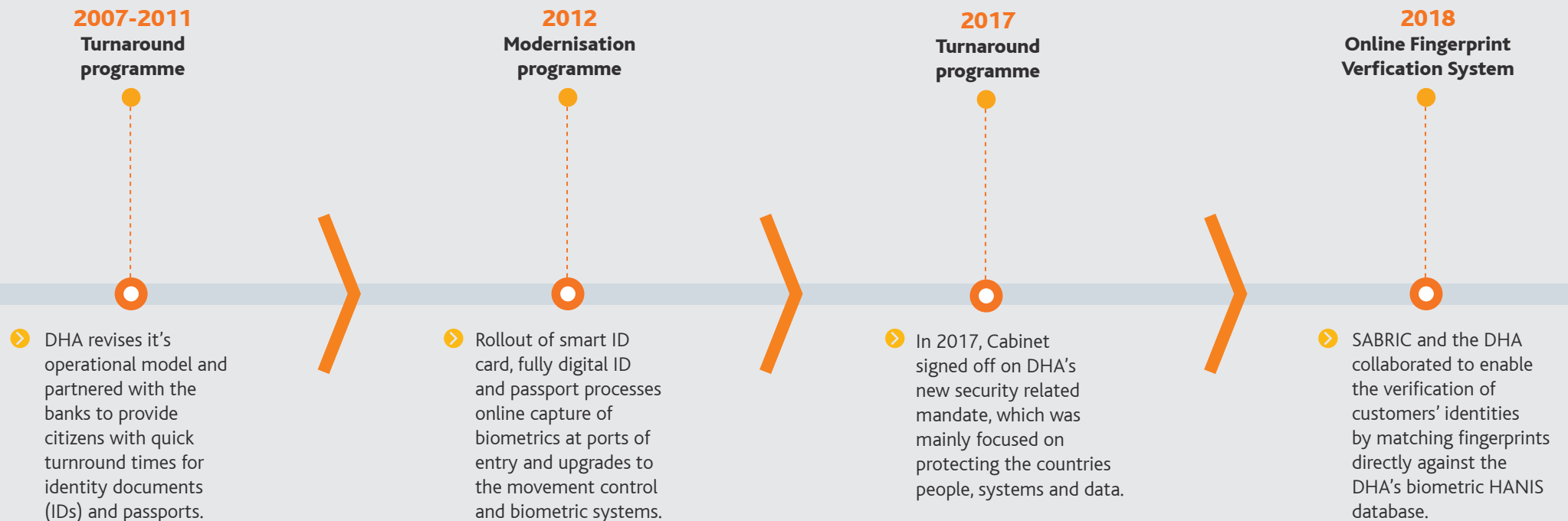
² World Bank Group. (2016). Digital Identity: Towards Shared Principles for Public and Private Sector Cooperation. Retrieved from <https://documents1.worldbank.org/curated/en/600821469220400272/pdf/107201-WP-PUBLIC-WB-CSMA-SIADigitalIdentity-WEB.pdf>

WHAT HAS SOUTH AFRICA'S DIGITAL IDENTITY JOURNEY BEEN AND HOW HAS IT EVOLVED?

South Africa has implemented different identity programmes to address identity for its citizens and residents. The capturing, storing and issuing of identities, with many now using their green ID book or smart ID card as proof of identity, have improved significantly since 1950.

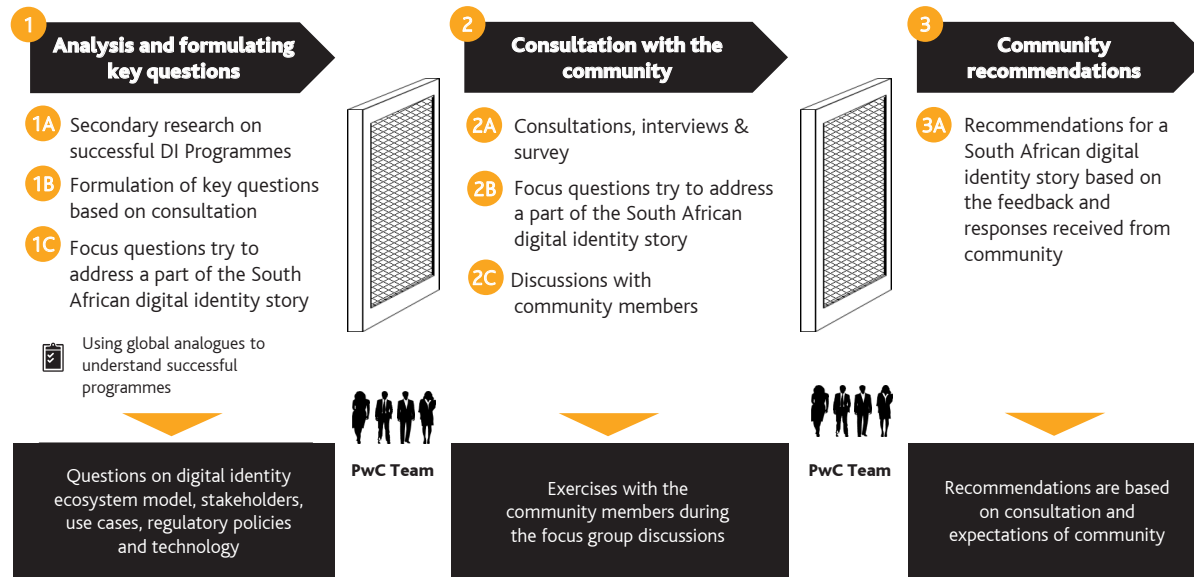


The Department of Home Affairs (DHA) is the sole authority responsible for providing a means of identity to all South African citizens and residents. In addition, it manages the identity and supporting systems across both government and economic spheres. This has made it possible for registered persons to exercise their rights and access benefits and services in both the public and private domains. The extension of these services by the DHA to marginalised communities has cemented its role as a key enabler in deepening democracy and social justice.



APPROACH TO IDENTIFYING THE SOUTH AFRICAN DIGITAL IDENTITY JOURNEY THROUGH A CONSULTATIVE PROCESS

Based on the consultations with the community and outcomes thereof, some key questions were identified to develop the South African digital identity story. The answers to the key questions make up the strategic recommendations and key considerations for the digital identity story.



To ensure the robustness of this story, there was extensive consultation with the community. The inputs were drawn from a consultative process, and are collective inputs based on discussions with and ideas shared by the community members.

Initially, the community members identified challenges unique to South Africa in the focus group discussions. Over and above these challenges, a further twelve focus areas were recognised and were shortlisted to financial services, healthcare, social protection and government services.

Based on the key challenges and focus areas for South Africa's digital identity programme, we determined the most relevant use cases along with their priority.

DIGITAL IDENTITY: A USER JOURNEY CONSIDERING SOUTH AFRICA'S DEMOGRAPHICS

Each focus area plays a key role in the South African environment and can effectively enable the successful implementation of a digital identity programme in the country. In showing the significance of each focus area, we developed potential use cases applicable to the South African context. In addition, we developed personas to help us understand the application of a digital identity in the South African environment while enabling the practical application of the concept to South Africa, making it fit for the digital identity story.

Mpho



Lerato



SUMMARY OF PERSONA	<ul style="list-style-type: none"> • Business owner. • Has more than one bank account. • Recently got married. 	<ul style="list-style-type: none"> • Single mother. • Dependent on social welfare. • Not digitally literate.
SPECIFIC NEEDS	<ul style="list-style-type: none"> • Mpho would like to update her personal details with the DHA and the respective banks simultaneously. 	<ul style="list-style-type: none"> • Lerato just turned 60 years old and she would like to apply for her SASSA grant conveniently.
CURRENT CHALLENGES	<p>✗ The current process requires Mpho to physically lodge the updates at the DHA and her respective banks.</p>	<p>✗ Lerato needs to physically go to the SASSA offices to kick-start her application process and can expect feedback in 3 months.</p>
THE NEED FOR DIGITAL IDENTITY	<ul style="list-style-type: none"> • Convenience. • Streamlined administration. • Cross-application. 	<ul style="list-style-type: none"> • Streamlined administration. • Convenience.

We outline two personas' backgrounds which resonate with those of a typical South African. Persona identification is important because it shows our understanding of the user's needs, experiences, behaviours and goals. Different users have different needs and expectations; it is critical to recognise this to develop a product/service that is fit for purpose.

We looked at the common challenges experienced by a typical user of a product/service under each focus area, which helped us identify a use case that can benefit the users through the implementation of the digital identity programme.

POTENTIAL BENEFITS OF DIGITAL IDENTITY TO SOUTH AFRICA

Below, we outline the potential benefits for the citizens, government and economy.

Citizens:

- Simpler, more convenient FICA process that will save time. Improved quality of service provision, reduced fraud and a better user experience.

Government:

- Reduced government expenditure due to improved administrative processes across its departments. In addition, increased tax revenue collection and a boost to digital eCom, SME, financial services and health.

Economy:

- The commercial benefits associated with this application for banks is an increased customer base. In addition, the processing of applications in a paperless form results in an efficient administrative process, which can save users and the service providers both time and money. Integrated services across G2P and G2B as well as an increased transparency and accountability.





JOURNEY TOWARDS A SOUTH AFRICAN DIGITAL IDENTITY

Numerous countries have already embraced the 4IR and have embarked on the digital identity journey. Some of these include India, Estonia and Sweden. We examined global best practice as applied in these countries to help South Africa develop a fit-for-purpose digital identity programme.

Therefore, recommendations for South Africa are based on the global analogues and community outcomes to create a common narrative. More work and collaboration are required to further unpack and implement these recommendations. Below, we summarise the community.

Recommendation 1: Proposed digital identity model for South Africa

A hybrid model would address the shortcomings of both ecosystems — centralised and self-sovereign identity. The key focus of the hybrid model should be to ensure data privacy, interoperability and faster access to services.

Recommendation 2: Key stakeholders in the South African digital identity ecosystem and their respective roles

There should be multiple credential providers, supported and governed by a trust framework. Government entities such as DHA and others can act as the identity provider and leverage the existing identity infrastructure to support the development and implementation of different use cases. The scheme administrator would be responsible for the overall governance of the ecosystem and the creation of an overarching trust framework.

Recommendation 3: Key focus areas and use cases for a South African digital identity

Key focus areas are financial services, healthcare and social protection. Some identified use cases are eKYC, digital onboarding and digital signature (BankID).

Recommendation 4: Proposed changes to the regulatory frameworks in South Africa for setting up a digital identity ecosystem

Develop a regulatory framework that will support digital identity adoption based on the identified use cases. Emerging legislations should be based on open data or open finance that will support innovative digital Identity use cases.

Recommendation 5: Proposed overall technology framework and considerations suitable for the South African digital identity ecosystem

The technology framework design should consider key design principles across areas such as usability, security, performance, scalability and economic value. The chosen technology should be tamper-proof and resistant to cyber-attacks or threats. Certain higher levels of assurance should be used in the authentication process and defined in the trust framework.



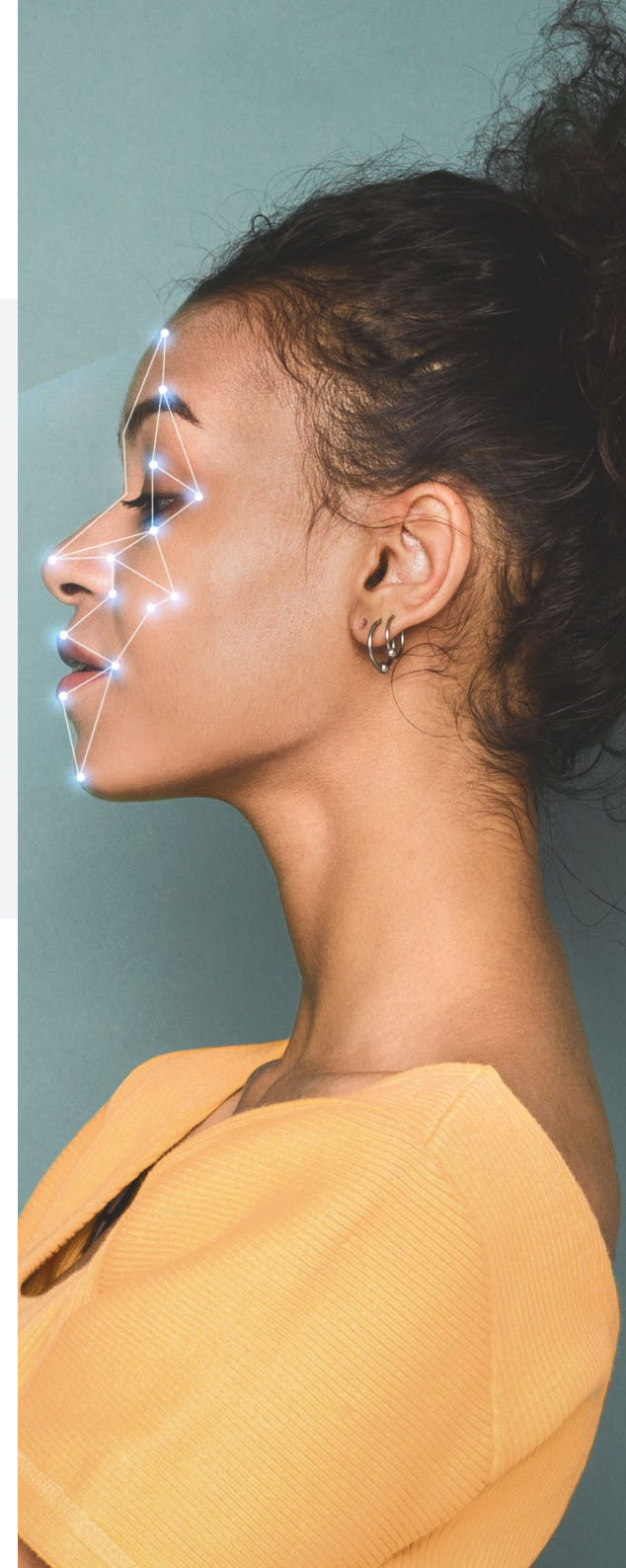
A successful digital identity programme can help drive economic value by helping the government curb leakages in areas like social benefits. India is a prime example, with its government saving around US\$4.93 billion in FY20. Non-economic value includes the unlocking of major benefits for the people through inclusion, rights protection and transparency. It can facilitate economic transactions, social interactions and political involvement. It becomes a catalyst for change.



The implementation of a digital identity programme involves many critical elements, including support from the community and collaboration between stakeholders. An understanding of these critical elements can set us up for the successful implementation of the digital identity ecosystem.

Digital identity ecosystems have the potential to generate revenue in addition to saving costs. There are two major ways³ in which countries around the world try to generate revenue and make the digital identity ecosystem self-sustainable in the long run. As such, it has great potential in bringing economic value for countries that have identified the appropriate use cases and used digital identity to solve the underlying problems. There are multiple opportunities for South Africa to realise the economic value of digital identity. There is a need for a commercial case for change that will support successful implementation of digital identity in South Africa. It is important to assess the commercial viability of the use cases while building a sustainable ecosystem.

³ <https://id4d.worldbank.org/guide/business-models>



CONCLUSION

Based on the benefits for the economy and society, digital identity needs to be high on the agenda of policymakers, politicians and business leaders. Collaboration by all parties and stakeholders involved is fundamental to the success of a digital identity roll-out in South Africa. With society demanding more from businesses and stakeholders, there is a greater need for the public and private sectors to work together to put the customer first, thereby giving the customer control of their own identity. It is no longer enough for each organisation to go its own way.

Due to identity management's critical role in the 4IR, there is a growing need for the roll-out of a digital identity programme in South Africa. For the benefits to be realised and the impact to the economy to take full effect, the digital identity policy at government level and the development of integrated solutions by businesses need to be a high priority for all stakeholders.

The time has come for consumers, investors and the private and public sectors to work collectively to achieve the common goal of enabling a robust, secure and trusted digital identity for South Africa. It has the potential to generate economic value as well as resolve challenges such as inclusion.

It is important that all parties unite while ensuring a distinctly South African approach to safeguard their collective digital futures, ensure that privacy and choice are maintained, and strive to protect the most vulnerable citizens.

Digital identity has the potential to meet the evolving needs of South Africans and contribute indirectly towards addressing the high unemployment rate, low savings rates, income inequalities and structural deficiencies faced by the country. In addition, it is aligned to the economic development goals contained in the National Development Plan (NDP) and could help to achieve broader societal objectives such as financial inclusion.

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