

VerArc Limited – feedback (Public)

<https://paymentsnz.atlassian.net/jira/servicedesk/projects/NG/queues/custom/41/NG-50>

Question 26

We agree with the problem definition and its focus on security and risk. We suggest you could add that the lack of reliable digital identity verification often makes transactions more **difficult** for participants:

- Simply giving sufficient confidence that the payer or payee is the person the other party thinks they are (the core problem) may be difficult. The processes may be time consuming and impact negatively on users' perception of the service. For example, onboarding with an institution to establish a transaction account can be frustrating or even insulting for users when challenged to prove identity related claims.
- Payments are often accompanied by requirements for users to furnish related identity information that may not be readily accessible. For example, it may be necessary for the payer to show that they are entitled to a service or feature associated with the payment, such as access privileges (e.g. membership), discounts (e.g. student entitlement), or other legal requirements (e.g. age-based restrictions).

This difficulty is a digital identity problem that can add time and cost to payment transactions and could be addressed with the NextGen platform.

Question 27

We agree with the benefits identified but suggest:

- That you focus on VCs issued by providers **accredited** under the *Digital Identity Services Trust Framework* rather than simply being government agencies. The DIA products will be accredited and act as trust anchors but this framework brings universal standards to the rules and processes used for all credentials rather than assuming government is trusted to do this best.

We suggest you could add these impacts:

- A VC service could make end users' **lives easier**. If the transactions are well designed and delivered with common messaging, transactions should be smoother and the issues we described in the Q26 answer above addressed. Perhaps the system could help to influence or set standards for common user experiences and communications to ensure the potential is realized.
- A VC service would enable end users to receive their **entitlements** (discounts, loyalty benefits, restricted access) where they could miss out if related, ancillary evidence is otherwise not easily presentable. This will benefit consumers and service providers by ensuring services are consumed as intended.
- For the people and businesses of Aotearoa, it will be very valuable to give end users important exposure to digital identity concepts, and VCs in particular, in a high frequency context with broad reach across the population (i.e. payments use cases). The **familiarity and**

confidence this could bring to society and the digital economy in supporting the outcomes that reliable identity verification can bring could be a game changer.