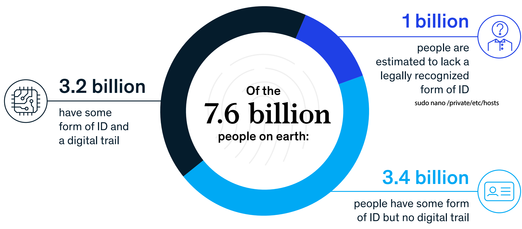
Identification in a digital age

A key to inclusive growth

What is good digital ID?

Good digital ID is identification that is verified and authenticated to a high degree of assurance over digital channels, unique, established with individual consent, and protects user privacy and ensures control over personal data.



Digital ID can unlock value by promoting inclusion, formalization, and digitization. For example:

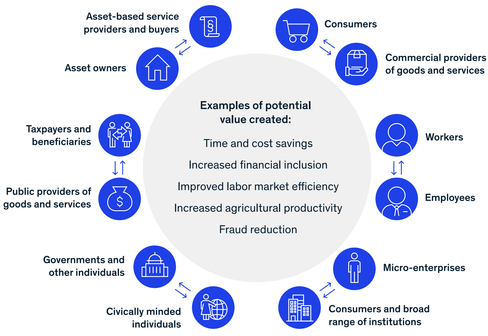
45%
of women aged 15+ in low-income countries lack ID while only 30% of men do

1.7 billion
people globally could gain access to financial services

90%
of customer onboarding costs could potentially be reduced

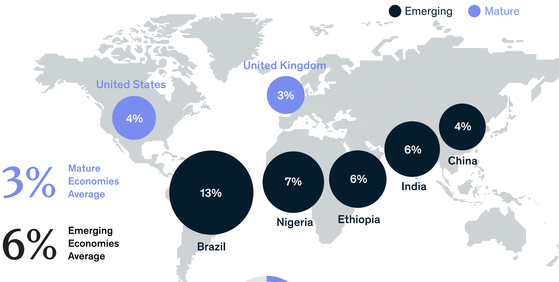
Facilitating interaction between individuals and institutions

Digital ID facilitates 6 key types of interactions between individuals and institutions.



Unlocking global economic value

Across our focus countries, digital ID could unlock economic value equivalent of between 3–13% of GDP in 2030.



3% Mature Economies Average

6% Emerging Economies Average

Note: Value estimates assume the digital ID program enables multiple high value use cases, attains high levels of usage, is established with individual consent, and protects user privacy and ensures control over personal data.

65% of potential value could accrue to individuals on average in emerging economies in our focus group, making it a powerful tool for inclusive growth.

Potential for misuse and possible risk elements

While digital ID can reduce risks associated with conventional ID programs, such as manual error, it could be ...

... misused without the proper controls, akin to dual-use technologies such as social media, GPS or even nuclear energy.

... exposed to risks already present in any digital technology with large-scale population-level usage such as system failures, cybersecurity breaches, and privacy violations.

... potentially exposed to some risks found in conventional ID programs such as the exclusion of individuals.

Good digital ID*

To fully realize the potential of digital ID, well-governed controls are needed to mitigate the risks. Core elements of good digital ID include:

1 **Verified to a high degree of assurance:** meets both government and private-sectors' standards for initial registration and subsequent acceptance for multiple important civic and economic uses

2 **Unique:** an individual has only one identity within a scheme, and every scheme identity corresponds to only one individual

3 **Established with individual consent:** individuals knowingly register for and use digital ID, with knowledge over what personal data will be captured and how they will be used

4 **Protects user privacy and ensures control over personal data:** built-in safeguards ensure privacy and security while users have access to their personal data, know who else can access it, and have decision rights over that data

**Note: Our understanding of good digital ID was informed by extensive consultations with many experts in the field including the World Bank, Omidyar Network, the Bill and Melinda Gates Foundation, the Open Society Foundations, ID2020, and the Rockefeller Foundation.*

To find out more about digital ID, visit mckinsey.com/digitalid to download the MGI report in full.

Sources: McKinsey Global Institute Analysis, World Bank, ID4D, We Are Social Global Digital Report 2018, ITU, WDI, Findex

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