



27 November 2023

Hon Melissa Lee
Minister for Economic Development
Freepost Parliament
Private Bag 18 888
Parliament Buildings
Wellington 6160

Briefing to the Incoming Minister from Digital Identity New Zealand

Dear Minister

Congratulations on your appointment as Minister for Economic Development. Your portfolio provides a significant opportunity to move Aotearoa New Zealand forward to become a more productive digital economy through the adoption and use of digital identity (identification). A trusted digital economy that offers services online requires assurances that users are who they claim to be, both when they first sign up and as they return to use these services. Digital Identity provides the cornerstone in building the trust people must have in each other, that the services they're using are genuine and that the products they purchase are what they claim to be. This ecosystem of mutual trust is crucial for any government promoting its country's digital economy domestically and to the world.

This briefing outlines Digital Identity NZ's (DINZ) focus and recommendations to improve digital identity settings in New Zealand and crucially, how DINZ can assist and support the implementation of the Digital Identity Services Trust Framework Act due to come into force in July 2024.

About DINZ

DINZ is the voice for digital identity in New Zealand formed to help New Zealand's transformation as a digital nation. Our strategy is:

- Collaboration and collective voice
 - provide industry insights, updates, and summaries of upcoming regulation.
 - unify our collective voice, expertise and experience to raise awareness and understanding of digital identity and what is required to create a trusted and flourishing ecosystem.
- Community and Connection
 - connect our members to its executive council, other industry experts, participants & groups (local and international), and with each other to share expertise, experiences and create opportunities.
- Co-creation and Coordination
 - engage positively with members, industry and regulators to help guide, develop and implement policy and solutions required for a trusted digital identity services ecosystem.



DINZ is a not for profit, membership funded association of nearly 100 organisations and individuals, and is itself part of the New Zealand Tech Alliance (NZTech). Its highly regarded 'Digital Identity in Aotearoa' report¹ is published alongside a range of other reports and submissions² as well as its strongly attended events.

Opportunities and challenges

DINZ notes that the digital identity verification check market was worth \$11.6 billion USD globally in 2022, forecasted to reach \$20.8 billion USD in 2027.³ DINZ elicits sponsorships annually for its New Zealand specific research. With additional sponsorship this important metric could be surfaced. Australia's was estimated at \$113 million - \$258 million in 2016⁴.

Digital identity has the potential to unlock significant economic growth domestically and across the world with our trading partners. The previous government estimated that digital identity could boost the economy by between 0.5%-3% of GDP – roughly \$1.5 billion to \$9 billion NZD. DINZ notes that McKinsey forecasts that 100% adoption of digital identity coverage in the US could unlock economic value equivalent to 3-13% of GDP.⁵

The opportunity is massive but arguably development of digital identity in New Zealand is slower compared with international common law counterparts. For instance, in New South Wales 80% of people use a digital driver's license and 85% use the Service NSW app – equivalent services are not available in New Zealand – and Trust Frameworks have pilot implementations in Canada, the UK, the US and Australia prior to legislation, driving and driven out of awareness and education. The Australian Federal Government also announced that it will introduce passkeys into its digital services, which is a standardised way to avoid using usernames and passwords. The opposition in Australia has also committed to age verification to protect children from online porn, sports betting, and alcohol delivery services.

New Zealand's Digital Identity Services Trust Framework (DISTF) Act (April 2023) is a positive step to improve digital identity in New Zealand. However, uptake will be modest near term as explained above. We acknowledge the positive efforts by DIA in the compilation of the rules for accreditation and the intent to partner with DINZ to drive market uptake.

We acknowledge the multiple noble intentions in the areas of cyber security (including digital identity, biometrics and RealMe), digital safety (including child safety online), age verification and education and awareness across government to improve digital outcomes, even if they can appear fragmented and impacted by misinformation, thus missing opportunities for efficiency and effectiveness. However, we believe that it is important to leverage synergistic private sector expertise that adopt international standards, processes and approaches to make sure that New

¹ https://digitalidentity.nz/wp-content/uploads/sites/25/2023/02/Digital-Identity-in-Aotearoa-Report_final-1.pdf.

² <https://digitalidentity.nz/submissions/>; <https://digitalidentity.nz/event-recordings/>

³ <https://www.biometricupdate.com/202208/digital-identity-verification-spending-to-pass-20b-by-2027-but-security-challenges-remain>.

⁴ <https://www.deloitte.com/au/en/services/economics.html> D. A. Economics, "Digital identity provision in Australia," Deloitte Access Economics Pty Ltd, Sydney, 2016.

⁵ <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/digital-identification-a-key-to-inclusive-growth>.



Zealand's approach to digital identity reflects best-practice, is workable and interoperable. There is also an opportunity to work with the sector to raise awareness and educate New Zealanders. Open Banking⁶ developed by Payments NZ without central government involvement in standards and regulation is a great example.

DINZ respectfully recommends the Minister engage officials to work with our experts through the development of key digital identity initiatives. We are eager to engage over the next 5 years to educate the public and business on the importance of digital identity in cybersecurity and online safety, alongside developing supporting infrastructure to onboard organisations to the DISTF and related regulations.

Improving laws related to Digital Identity

There are opportunities to improve digital identity laws and implementation in New Zealand:

- 1. Work with DINZ through the implementation of the Digital Identity Services Trust Framework Act.** Our expertise and practical working experience can help to develop effective and workable regulations, and support programmes for accreditation. This will help to drive up the adoption and robustness of the digital identity components across all cyber security initiatives to combat online fraud and boost confidence in digital transactions. We have been working with officials from DIA since the Act was passed to help develop the rules and regulations that the Act will function through.
- 2. Make sure the digital identity related requirements in the Customer & Product Data bill (was Consumer Data Right (CDR)) harmonise with the DISTF.** This is not currently labelled a 'trust framework' but in effect it is (as is child online safety potentially). We are concerned about the preliminary lack of inter-agency co-ordination and harmonisation with the DISTF along with the interweaving of the identity related components in the AML/CFT regulations, open banking, and organisation identity verification. DINZ can support MBIE to address digital identity related aspects in policy and implementation development.
- 3. Make sure the Privacy Act 2020 appropriately directs how biometrics technology collects, processes and stores information, with input from DINZ.** The Office of the Privacy Commissioner's enthusiasm for regulating before investing in raising awareness risks undermining the very objectives that regulation set out to achieve.
- 4. Fill the current vacuum in child online safety by leveraging the UK/EU work.** We have a near term opportunity to pilot the system and certification scheme that supports the Online Safety Act UK, (GDPR), Digital Services Act EU and Age Appropriate Design Code (UK/EU) with DINZ's affiliate organisation - the Age Verification Providers Association - leveraging dual AVPA-DINZ members.
- 5. DINZ working with officials to make authoritative sources of identity available digitally as verifiable credentials.** Government acts as the custodian of the authoritative registers of peoples' data. To move to a digital economy, it is imperative that Government makes these sources available and accessible through the issuance of secure verifiable credentials via people's digital wallets (or other means) either directly or via second order issuers to give

⁶ <https://www.apicentre.paymentsnz.co.nz/news/articles/looking-ahead-open-banking-in-aotearoa-new-zealand/>



users agency over their own data thus supporting their access to more services and make transactions easier. For example, Waka Kotahi should not be restricted by legislation to issue digital drivers' licences.

Conclusion

We request and would warmly welcome a meeting with you to discuss how DINZ and NZTech can support you by providing an industry perspective during the Government's policy development, the implementation of the Digital Identity Trust Services Framework Act and other legislative building blocks to move us toward a more efficient, productive economy.

If you have any further queries do not hesitate to contact me.

Yours sincerely,

DocuSigned by:

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