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# Identity & age verification for regulated industries

# Age verification: crucial to safe regulated commerce

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**For age-restricted industries, age verification is not only a regulatory obligation, it is critical in retaining customer trust and protecting one's reputation.**

Traditional age verification methods such as customer self-certification or credit card verification are not sufficient in preventing minors from accessing restricted goods and services (i.e. gambling, tobacco and vaping products, alcohol, weapons, adult entertainment...).

In order to avoid legal ramifications, hefty fines, and possible fraud, identity and age verification must be done with a high level of assurance. The verification process must ensure a smooth customer experience across all channels: in-store, online, at delivery or at pick-up.

**Identity verification technology can support a variety of use cases for regulated retailers, both online and in-person:**

## **Remote age verification**

Remotely verify the age of the customer using their government-issued ID or another trusted source of age information

## **Autocomplete forms**

Prefill online forms by extracting data directly from the ID document, making checkout faster and more accurate

## **Enhanced in-store age verification**

Enable store clerks equipped with enhanced devices and self-serve kiosks to verify a customer's age directly at the point of sale

## **Omni-channel identity verification**

Verify the identity of the customer shopping online, at the point of purchase, at pickup, or at delivery



**The verification process must ensure a smooth customer experience across all channels: in-store, online, at delivery or at pick-up.**

## Key facts



**115%**

Growth of alcohol eCommerce in grocery online marketplaces from 2017 to 2019 in the US.<sup>11</sup>



**291%**

Increase in online alcohol sales between March 2019 and March 2020 in the US.<sup>2</sup>



**\$30,000**

Fine for an online casino for underage gambling violations in New Jersey.<sup>3</sup>



**15%**

Rate failure from big UK retailers to prevent the sale of a weapon to a child (from April 2018 to March 2019).<sup>4</sup>

### Sources

<sup>1</sup> The 2020 Alcohol E-Commerce Playbook from Rabobank

<sup>2</sup> <https://www.forbes.coqm/sites/thomaspellechia/2020/04/09/the-pandemic-may-provide-the-stimulus--e-commerce-alcohol-sales-have-needed/#6e614651b193>

<sup>3</sup> EgamingReview,

<sup>4</sup> National Trading Standards UK

# Enhancing safety for regulated sales

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**As the number of eCommerce transactions and remote purchases continues to grow, it is critical that regulated merchants find a way to adapt to the digital market. Failure to do so could result in losing key clientele and/or their license to operate.**

When considering a digital identity framework, it is critical that they consider:

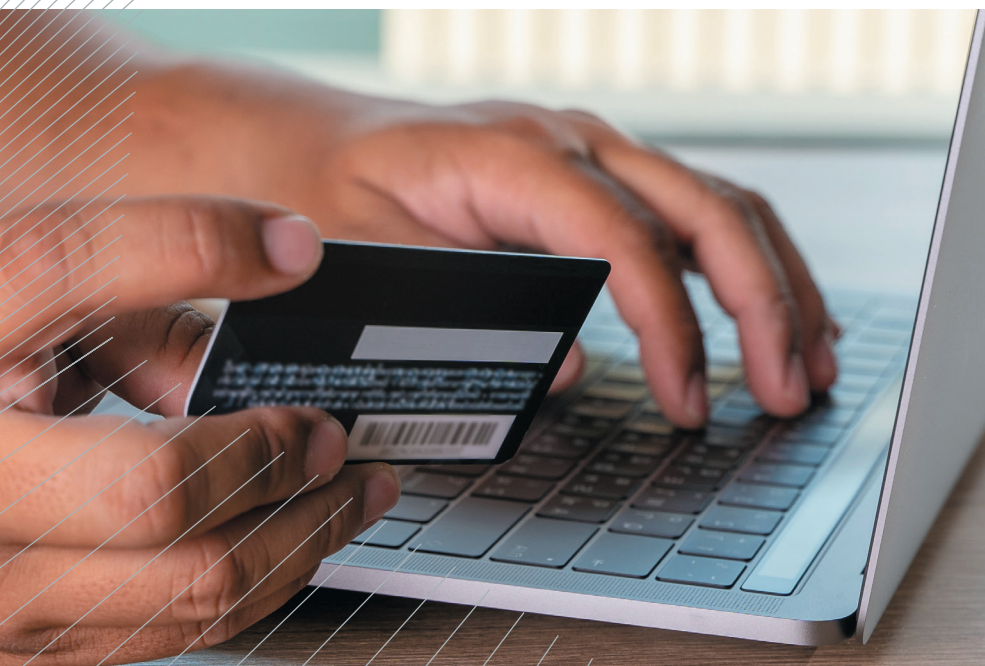
- › How to prevent the sale of goods and services to underage customers
- › The growing number of laws concerning age-restricted goods, Anti-Money Laundering (AML) and other regulations
- › The increase in identity fraud, theft, and the losses caused by both
- › The importance of brand trust and reputation in highly competitive markets
- › How to deliver a seamless user experience, while strengthening their security policy and preserving privacy

A secure and convenient method of verifying remote employees is central to each of these challenges.

Verification methods such as biometric user verification and document authentication can solve the critical challenges in regulated sales, making a digital identity solution ideal for both online and in-store transactions.

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**Verification methods such as biometric user verification and document authentication can solve the critical challenges in regulated sales**



# Trusted digital identities

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**Efficient digital identity verification processes enable regulated retailers to transform a constraint into opportunities for growth across their sales channels (online, in-store, at the point of delivery).**

Digital identity and age verification have the potential to:



## **Maintain compliance**

Reliable age verification meets regulatory requirements for age-restricted sales and avoids potential lawsuits and penalties.



## **Increase sales**

New identification methods could support merchants in making goods and services available through new channels, where age verification was not previously available.



## **Reduce fraud**

A multi-layered identity verification approach helps to mitigate identity fraud, chargebacks, fraudulent orders and the associated financial losses.



## **Improve the user experience**

Offering a trusted online shopping experience or a self-serve, contactless in-store experience will give customers more flexibility in how they purchase.



## **Enhance their reputation**

Enhanced security builds trust among consumers and could improve their brand loyalty.



# Identity verification solutions

Designing a secure, compliant, and seamless identity verification solution involves a variety of different means such as:



## Selfie

Customers use their smartphone to capture a selfie and perform a liveness detection test. The selfie is compared with the portrait from the ID document.



## ID documents

Customers use their smart-phone to capture their ID document. The data is then verified for authenticity with a trusted third-party or a root of trust.



## Third-party database checks

User data can be cross-checked and verified by connecting to third-party services (address verification, credit scoring, IP database...)



## Liveness detection

During a selfie check, a liveness test is performed to ensure that fraudsters are not presenting a mask or fake image to match the face on the identity document.



## AML/CFT<sup>1</sup> compliance checks

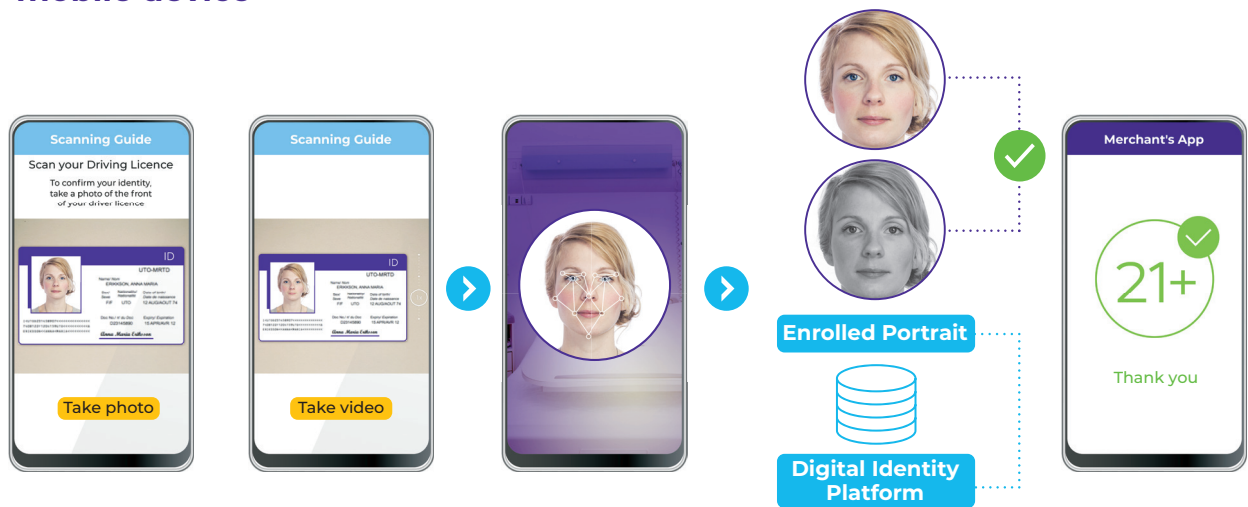
Consumer's information can be screened against external watch-lists.

<sup>1</sup>Counter Fraud Terrorism

# A convenient user journey

The customer first enrolls in the retailer's mobile application and verifies their age with an ID document and selfie check. Later, they are able to present a QR code or another token to prove their age – both online and in-store – without having to reveal their ID document and private data.

## Customer enrolls and verifies age with their ID document and mobile device



Customer scans their ID document

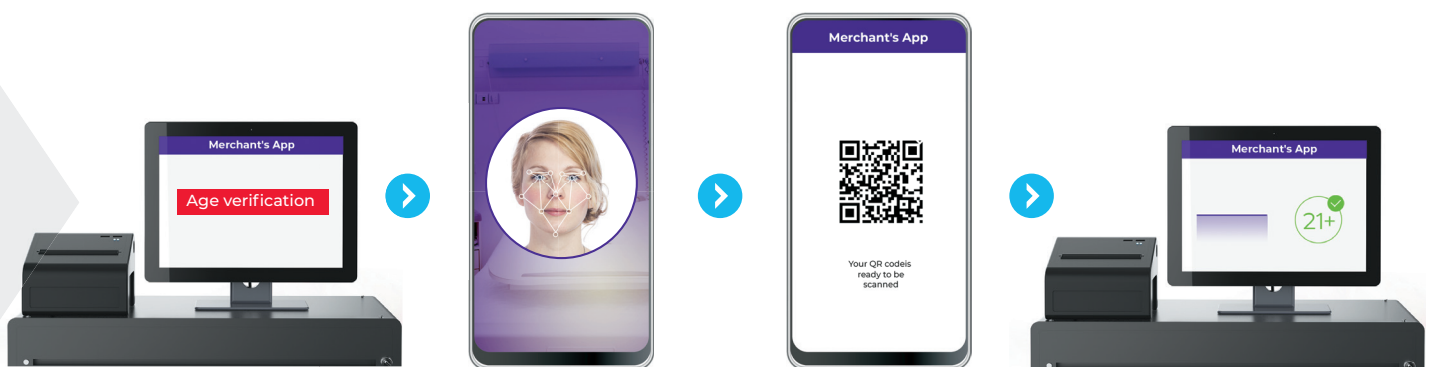
Customer takes a video of their ID document (optional)

Selfie Check

Verification of all captured elements and age

Age verified

## Age verification during in-store checkout



**Age verification at checkout**  
Previously enrolled customer is asked to prove age at the checkout

**Selfie check and liveness detection**  
Customer opens the merchant's app, selects age verification, and authenticates by face verification

**Dynamic QR Code generated**  
QR code is generated on the customer's mobile app upon successful verification

**Transaction completed**  
Merchant scans the QR code to get the age confirmation and the transaction is completed

# We are Digital

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To learn more about identity verification for age verification, or to schedule a demo, contact:  
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