As radical as money

Geoff Llewellyn argues that the consequences of the identity card could prove as profound as those that came from the development of fiduciary money

The process of getting an Identity Cards Act on the Statute Book fully conforms with Bismarck's observation that "Laws are like sausages - it's better not to see them being made"!

Opponents of the scheme were predictably strident and partial while the Home Office did itself no favours. Instead of selling the value of the card it was "kebabbed" in debates about cost estimates with parties that were always going to be against the whole undertaking. It also created an aura of secretiveness around the policy development which made matters worse.

Now that the dust has settled, at least on the first phase, there is a chance to focus on the important theme of identity management. An ID card scheme is only a part of this - necessary but not sufficient to produce all the benefits.

Transform society

The Identity and Passport Service Corporate Plan (Section 2.3.3) paints a picture of the usefulness of the ID card in everyday life in 2015. Its arguments are fine as far as they go but fall short of explaining the full potential of identity management. A biometrically secured electronic identity, expressed through a smart chip in a card, phone or some other medium, has the potential to transform our society to the same degree that the introduction of paper "fiduciary" money once transformed our economy.

The term "fiduciary" is important because it underlines the fact that the money system is dependent upon trust and confidence. This will also be true of the identity management system, because trust in its management will be critical to its acceptability, just as a fiduciary money system depends upon confidence in paper, or more recently credit cards, from all of the stakeholders (banks, citizens, credit card issuers, retailers, etc) who operate within the system.

The main challenges in the management of a fiduciary money system, as of an ID card system, are in the business processes and constitutional arrangements, and the trust that citizens place in them, rather than in the technology. The analogy between this and the ID card system has a number of implications.

Risks and catastrophe

When paper money was introduced in Britain there were objections on the grounds that it was not real money, would undermine our economy and our liberties and encourage governments to misbehave. All of these risks were credible - and have been realised at various times - but the abolition of paper money and credit now would have catastrophic effects on our economy. Secure electronic ID will be seen in the same way when it becomes established.

Our wallets and bank accounts are full of promissory notes and symbolic credit that have no intrinsic value but which sum us up as individuals. Similarly, our personal identities are labels applied to a biographical record and "footprint" that is increasingly captured electronically. Of course, we also have identities that are resident in the minds of our friends, families and colleagues, but our official identity is conferred by the state in the same way that it prints money and regulates the creation of credit.

The biometrically secured ID card is therefore the promissory note, or "folding money" of the 21st century. In the same way that fiduciary money allows transactions to be completed without being constrained by time and place, the secure electronic ID card will allow individuals to transact more quickly, conveniently and with greater security than has previously been possible.

> "The provision of a secure identity will facilitate all kinds of transactions."

While it is true that financial transactions can be made fraudulently, the strength and resilience of fiduciary money systems has driven the transformation of our world and has been worth the risks that societies have taken.

There are a number of implications in the analogy:

- The state has the obligation to regulate the system so that innocent people are not defrauded. Only the state has the power and resources to maintain and police the system, which is why it must be a national scheme.
- The roles of key players like the identity commissioner and the information commissioner need to be as well defined as that of the governor, or the MPC, of the Bank of England. The roles are yet to be fully developed, but the constitutional device of the independent commissioners is critical.

- Business processes for the creation of identity cards and maintenance of the National Identity Register need to be as well defined as those which govern the physical production of paper money and the abstract creation of credit so as manage the risk of unscrupulous people abusing trust.
- The state must define penalties under the law for abuse of the system. They must be proportionate to the damage actually or potentially caused.
- The efforts put into preventing banknote forgery and financial fraud need to be matched by those applied to maintaining the integrity of the ID card, both as a physical token and in its support systems.
- Business processes which surround the use and application of the system have to be defined so that all parties understand the "happy path" when all goes smoothly, and appreciate the "unhappy paths" where unacceptable outcomes are rectified by intervention of the authorities.
- The handling of the "unhappy paths" will be developed over time as the potential for things to go wrong is addressed case by case.
- The idea that identity management should be achieved by "federated identity" systems is subject to a fatal flaw which is analogous to there being several monetary authorities within one country. As soon as a number of financial authorities are created there is potential for their activities to get out of synch and lead to uncontrolled money creation. There can certainly be different "factories" where money (or ID) is produced, but it would be fatal to allow alternative sources of identity to co-exist. This would build in the likelihood of conflicting identities in the same way that two currencies in one economy will change in value against each other generating uncertainty in the conduct of transactions. .
- In the same way that fiduciary money in an economy liberates the exchange of goods and services, the provision of a secure identity will facilitate all kinds of transactions and collaboration between citizens and with the state.

An ID card scheme, like a fiduciary money system, is a collection of business processes and constitutionally established roles backed up by technology. Any such system depends on arrangements to secure the "three Rs" - restriction, regulation and redress.

Restriction limits the ways in which the concept is executed. In the case of fiduciary money it ensures that paper money is only issued by the Mint and credit is only created by banks subject to supervision by the Central Bank.

The restrictions are part of the overall system, and in the case of ID are the rules governing the kind of data that can be held and the terms under which it can be amended and by whom.

Regulation is carried out by an authority, empowered by law to gain access to all relevant information. It ensures the restrictive principles are not abused.

Redress mechanisms are the constitutional response to circumstances where abuses or mistakes occur. It is vital that these should offer recompense proportionate to the damage suffered by the individual.

The important point is that any system of such significance will have failings, but the balance between costs and benefits depends on it being possible to address the specified "unhappy paths".

Necessary measure

Secure electronic ID is as necessary to a modern society as fiduciary money is to a modern economy. We've only come to recognise this in the internet age because the link with the real person for many transactions has been broken completely - or could be broken if all parties were able to trust that a transaction "in the ether" could not be repudiated and was unquestionably made by the person who purported to make it - the equivalent of hard cash or good credit...

The development of the system to deliver such a secure electronic identity exists in the right combination of hardware, software and processes. It would be naïve to believe that the system will be foolproof from the outset but, just as with the financial system, devices will emerge to manage and correct the cases where things go wrong.

If we want to use the true potential of ID management we have to see it holistically as we do money - acknowledge that things go wrong and then deal with the "unhappy paths". Effective redress for what can go wrong in the "unhappy paths" then becomes a further assertion of the value of the system. GC

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