

## Case Study 6: Papua New Guinea – The YuTru digital trust framework

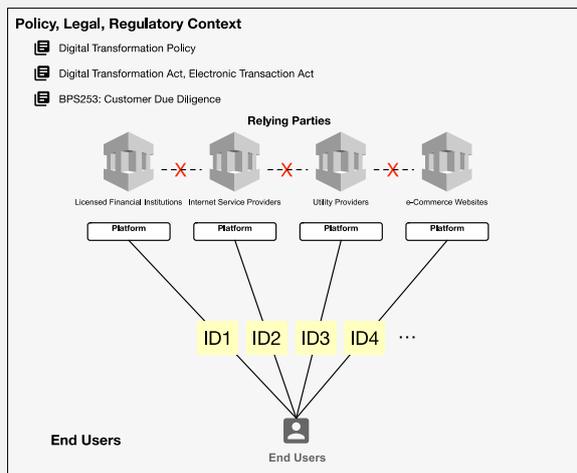
A provable unique identity is essential for individuals to open a bank account and is the single greatest need for a customer to access financial services generally, both domestic and international. This is now even more important with the digitisation of the global economy and increasing volumes of online transactions.

Because most Papua New Guineans do not have a government-issued identification card and the cost of face-to-face transactions is high due to long distances from remote communities over limited road infrastructure, the central bank, the Bank of Papua New Guinea (BPNG), proposed a private-sector-led digital identification scheme to expand financial inclusion throughout the economy.

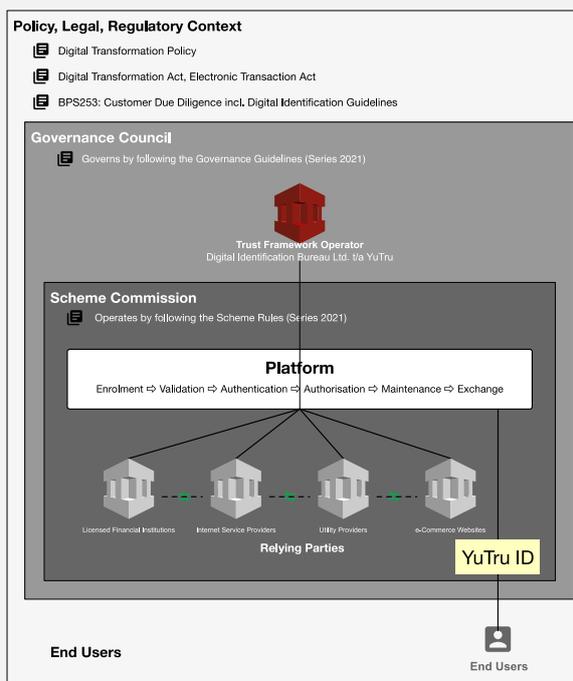
In response, the Digital Identification Bureau Ltd (DIBL) was established in 2018 by the PNG Digital Commerce Association to design and operate a digital trust framework known as “YuTru”, in cooperation with leading licensed financial institutions, and set standards related to distributed ledger technology, biometrics and KYC.

Using up-to-date standards and technologies, including biometrics, this private-sector-led initiative lets people digitally identify themselves in a way that is trustworthy, quick and easy to adopt, convenient and secure. The YuTru trust framework sets out the binding business, technical, legal and operational rules that govern how firms joining the scheme can digitally identify, validate, register, verify, authenticate and authorise their customers – YuTru end users. The framework also includes a technology platform to implement these rules for member institutions.

### Before YuTru



### After YuTru



### Government Support for YuTru

BPNG has played a key role in enabling the development of YuTru but has not been offered a shareholding in the scheme, so that it can regulate it without a conflict of interest.

# 2020 Asia-Pacific Financial Inclusion Forum

Having encouraged the creation of a digital identification scheme, BPNG continues to work alongside DIBL to monitor YuTru consistency through:

- universal KYC and anti-money-laundering standards, including Financial Action Task Force digital identification guidelines
- PNG's National Identity Program and other identity initiatives
- legislation such as the Banks and Financial Institutions Act and BPNG's Banking Prudential Standard (BPS) 253 on Customer Due Diligence.

## ***Expected outcomes***

The initiative has sought to be financially self-sustaining. YuTru raised PGK 5 million in domestic seed capital to fund its first two years of operation. The concept and business case, as well as initial socialisation activities, were delivered through donor-funded technical assistance. Vendors will be secured by the end of 2020 to supply an economy-wide technology platform for the scheme, train staff and supervise development of the scheme rules.

Widespread adoption of the scheme is expected to have a significant effect on PNG's development and economy. Some of the expected outcomes include:

- enhanced overall efficiency across the private sector by enabling subscribing organisations to rely on the DIBL to establish trust with end users
- more efficient compliance with KYC regulations
- enhanced due diligence and creditworthiness assessment, and improved speed, value and volume of transaction flows, achieved more effectively at a lower cost
- more effective identification of customers using biometric profiles, regardless of social or cultural labels, enabling "deduplication" and risk of fraud from "ghosts" or "synthetic identities"
- time savings for customers in a digitised process and harmonisation of onboarding, letting customers to use their digital identity for multiple purposes
- cost savings for subscribing organisations, flowing from having a widely recognised system instead of a business-specific system.