WHITE PAPER

STATE OF THE NATION:

DIGITAL IDENTITY VERIFICATION AND AGE ASSURANCE IN THE UK

A Way Forward for the Financial Services Sector and Government?
June 2025

CONTENTS

EXECUTIVE SUMMARY

As of mid-2025, the United Kingdom stands at a pivotal moment in the evolution of digital identity verification and age assurance.

With the advancement of a number of key public, and some private sector, identity initiatives **the UK has the opportunity to deliver the country's broader strategic goals:** driving economic growth, increasing productivity, reducing fraud, improving online safety, and enhancing financial wellbeing – **but only if digital ID solutions are widely adopted.**

The ultimate shape of the UK's ID ecosystem—to what extent it is a state-led system, private sector marketplace, or something dominated by Silicon Valley giants—remains to be seen.

Through delivering ID and age verification services to a huge range of customers and platforms, OneID® now has considerable experience in how the market operates, what works, and what doesn't work. From that position, we forecast that:

- **The Department for Science, Innovation and Technology (DSIT) will continue to facilitate the private sector market, supported through adding new use cases to the UK framework,** including anti-money laundering (AML) (with rules defined by DSIT), and the creation of trust marks for certified ID providers. AML and payments processes will start to use Digital Verification Services (DVS) to secure onboarding and prevent fraud, once the Treasury recognise DVS as being suitable to meet money laundering regulations (MLRs).
- **Government's implementation of One Login (its single sign-on for all online citizen services) and GOV.UK Wallet will catalyse the shift from paper ID to digital ID verification.** A number of government services will adopt Open Banking-based identity services – this will help banks to commercialise their significant investment in API platforms.
- **Big Tech will deepen their grip on the customer relationship by offering digital ID services,** and will continue to push into offering financial services via partners that they choose, lessening the influence of banks over customer choices.
- **Ofcom (and international regulators) will drive the age assurance market,** leveraging digital ID for privacy-enhancing age verification.

Developments so far this year provide a good foundation to realise the opportunity that digital identity verification offers the UK. However, if UK banks aspire to maintain their customer relationship by being ID providers rather than just buyers, the window is closing for them to play more active roles before the government or Big Tech steps in. The quickest route to market is via adopting existing, proven solutions rather than building new ones, which will take years to build and certify. And by 2026, UK citizens will have both Big Tech and government ID wallets, meaning bank ID offerings would have to displace them, which is harder than launching services while the market is still forming.

We analyse the developments so far in this pivotal year.

PROGRESS IN THE FINANCIAL SECTOR

NATIONAL PAYMENTS VISION

HM Treasury, Bank of England, FCA and industry are working to solve near-term issues, and longer-term strategy, on the UK's payment 'rails'; how do we enable reliable services, innovation and competition across payment rails to deliver the National Payments Vision?

The vision includes implementing digital ID so that it can be enabled across any rail by connecting ID standards (OIDC, W3C) into payment standards (ISO20022) to supply richer ID data. This will enable compliance with rules that require checking of ID attributes, such as Financial Action Task Force (FATF), AML, fraud/transaction monitoring, age-related rules, to have access to the data that they need, overlaid with data protection and privacy policy to ensure that only those who need the data get access to it.

OneID® actively collaborates on open standards to enable interoperability between ID systems and payments.

MONEY LAUNDERING REGULATIONS (MLRS)

Now that the UK has a digital ID framework, the Data Use and Access Act (Data Act) can be leveraged to update the MLRs and reference DVS to digitise KYC, making it cheaper, more efficient, effective, and secure. We expect to see the Treasury's consultation on MLRs, which last spring said, "The government is committed to actively encouraging and realising the benefits of the use of digital technologies…", convert into updated guidance on AML soon.

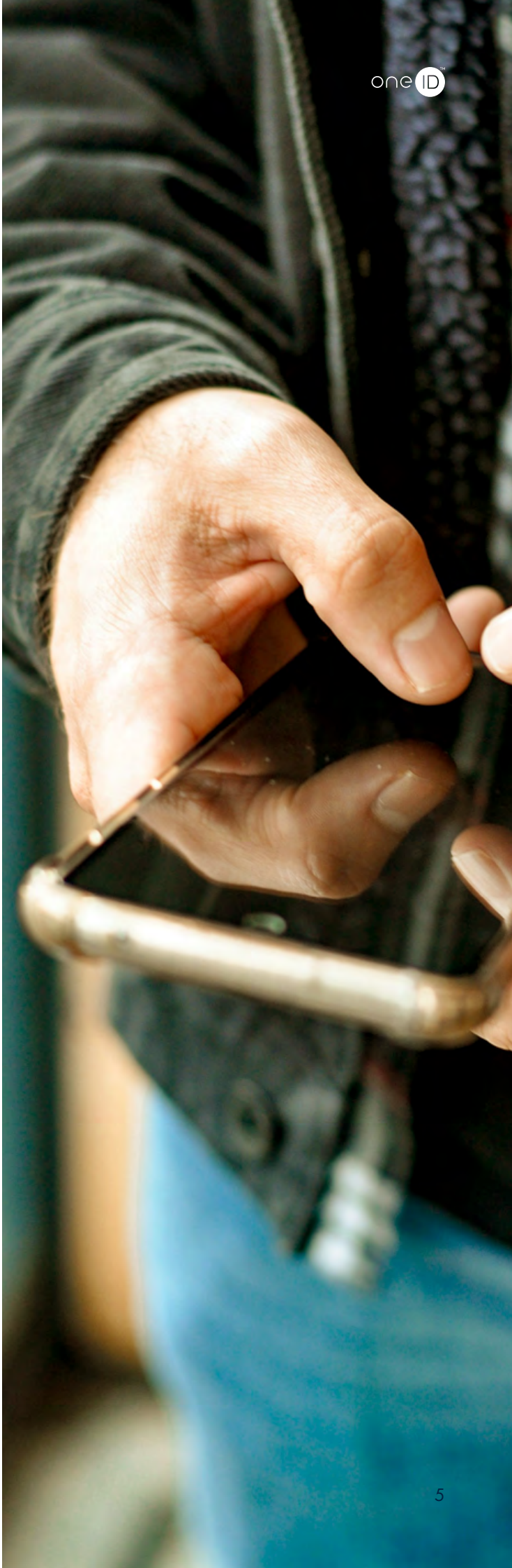
OneID® is certified against JMLSG requirements for electronic ID, and advocates for DSIT to add this use case to DIATF. DSIT should define how DIATF IDs can meet AML needs, either via DIATF profiles or a supplementary code.

CENTRE FOR FINANCE, INNOVATION AND TECHNOLOGY (CFIT): CORPORATE DIGITAL IDENTITY TO REDUCE ECONOMIC CRIME

CFIT is leading an industry collaboration, including OneID, to enable a digital 'company ID' to combat economic crime (estimated as £6.8 billion annually) and streamline business admin and transactions.

This initiative aims to provide businesses with a secure digital identity, enabling efficient verification processes, such as opening bank accounts, and reducing fraud. The company ID (the unique legal entity that can be held accountable, and its various identifiers), and data about the company (its licences and permissions, accounts) can be shared from a protected wallet service, or assembled at the point of need, and shared onwards to enable efficient transactions.

Financial services can take advantage of the progress that the UK government has made on enabling digital ID for the UK and the private sector initiatives, such as CFIT, that are building on that progress.



PROGRESS IN GOVERNMENT

ENABLING PRIVATE SECTOR IDENTITY

Private sector ID policy belongs to DSIT, which has developed the Digital Identity and Attributes Trust Framework (DIATF). Services certified to DIATF rules are labelled "Digital Verification Services" (DVS) and listed on the DVS register. DSIT's work ensures that digital identity services are trustworthy and secure, facilitating their adoption, and enables new use cases to be brought into DIATF scope over time, to grow the market opportunity, attract investment in the UK and enable job creation.

The initial use cases of Right to Work/ Rent and DBS checks are now an established market, but we look forward to new use cases being added and aligned with DIATF to fully establish it as a thriving ecosystem.

SECURING CITIZEN ACCESS TO PUBLIC SERVICES

Citizen access to public services is being consolidated around the One Login service (from many department-specific login systems), which uses the GOV.UK ID Check app to verify ID evidence. One Login is being developed and rolled out by Government Digital Services (GDS), within the Department for Science, Innovation and Technology (DSIT).

A government ID wallet (GOV.UK Wallet) for storing government-issued digital credentials such as a driving licence or passport.

The GOV.UK Wallet will be usable in the private sector, but only via DVS services – this enables a role for private sector DVS in presenting government-issued ID credentials. This shift marks a significant moment: enabling public-sector credentials to be used securely in private-sector contexts without direct government involvement. It will help keep transactions private and extend the reach of government credentials.

The government wallet will only hold government credentials, so it will have less utility than DVS alternatives, which will hold other credentials such as loyalty cards and payment credentials.

The government aims to digitise all government-issued credentials by 2027.

Banks will need to adapt onboarding processes to cater for a 'bring your own data' world, rooted in government-issued digital credentials (rather than paper).

We at OneID have already integrated with 15 eID solutions in Europe, establishing a regional access network of digital D acceptance, and have global document acceptance. We orchestrate data across banks, telcos, credit and fraud databases, and will add government data when available. Should banks wish to play the ID provider role, they could do so over OneID's established network.

LEGISLATION

ONLINE SAFETY ACT

For age assurance, the Online Safety Act is a world-leading piece of legislation that is being copied in many jurisdictions. **Ofcom are defining the guidance for how firms in scope can comply, with the key concept of seven age assurance solutions that need to be 'highly effective' –** one of which is to use ID based on Open Banking, which OneID® has pioneered.

For our online platform customers, we combine bank-based verification with mobile number verification, document scanning and data services, also assess as 'highly effective'; we forecast that giving the consumer choice of identity verification methods will become commonplace.

The UK's other age-related legislation is fragmented and complex; across offensive weapons, alcohol sales, and licensing, the government has an opportunity to simplify age laws over time and align them with the DIATF where possible.

A simpler compliance regime would enable firms to more easily comply, and solution vendors to tailor solutions to meet multiple use cases. For example, the **Home Office is revising rules for knife sales, moving from age verification to ID verification;** these rules should reference the DIATF as a source of ID that can effectively reduce the sale of knives to children.

DATA (USE AND ACCESS) ACT

UK parliament passed the Data Act in June 2025, enabling digital identity ('Digital Verification Services') and 'smart data' schemes to be set up for sharing data.

The Data Act enables various things to support DVS:

- DSIT to create and govern an ID framework (the DIATF)
- Certified DVS can use a government-issued trust mark and unique number (the trust mark is being rolled out with DIATF v1, planned for early 2026)
- Certified DVS can access citizen data held by the government (with consent) via an 'information gateway', currently being implemented via the GOV.UK Wallet app

BIG TECH: ON MANOEUVRES?

Big Tech is adopting digital ID credentials and is now including them in their established payment wallets.

- The Apple Wallet can hold a scanned passport credential, mobile driving licence (mDL), and with the Digital Credentials API – certified wallet issuers can be included in the 'wallet picker' alongside Apple Wallet & state DMV apps – this opens the market up for non-big tech wallets to serve specialist or high-assurance use cases (such as AML).
- Google/Android can similarly hold a scanned passport credential (US, UK), mobile driving licence (mDL) and works with the Digital Credentials API.

ID wallet integration into the device Operating System will lessen the need for ID orchestration, as the device knows which wallets are on the device, including which is set as the default, meaning the Operating System becomes the orchestrator.

INTERNATIONAL OUTLOOK

The UK can, and should, learn from other markets, many of which have had successful digital ID schemes for many years. There are also new innovations and standards that are creating new opportunity for interoperability.

- The US, Australia, New Zealand are adopting mobile Driving Licences, or 'mDL', based on ISO standards, and issuing these digital credentials into public and private sector wallets (e.g. Apple/Google wallets). Credential issuers (the driving licence authorities) have published lists where Public Key Infrastructure (PKI) public keys can be checked, to verify the credentials are genuine.
- In the EU, the second iteration of eIDAS has set a timeline for wallet availability by 2026 and published open standards on wallets and credentials (both for issuance and presentation). DSIT are adopting the eIDAS standards for the UK wallet, which is good and enables interoperability.

A WAY FORWARD

The UK's digital ID sector is maturing, enabled by government policy, but also global efforts to digitise identity (where many other countries are ahead of the UK). Estimates suggest that better identity infrastructure could save up to £30 billion across the economy.

HOW THE UK'S DIGITAL IDENTITY SECTOR ENABLES ECONOMIC GROWTH

- Economic efficiency – £30 billion savings from more efficient services, increasing productivity
- Job creation – 270 active firms are employing 10,800 individuals
- Direct revenue – the market is projected to grow from £2 billion to £4 billion by 2030
- Tax revenue for the government
- Privately funded solutions, saving taxpayers from having to pay for building the same services

Conversely, fraud continues to negatively impact the whole of the UK; along with computer misuse, fraud is now 50% of UK crime, with initiatives to date only having a minor impact at a macro scale. Digital ID is a powerful new tool to combat online fraud, by verifying both parties in transactions and bringing identity online. Banks can play a key role, protect their customers and their bottom line, by adopting digital ID solutions to keep

In the deepfake era, any data collected from customers should be treated as untrustworthy, unless it is verifiable by digital means.

Online platforms should also adopt ID as a safer practice to meet the UK's Online Safety Act 'user verification' duties; and government could introduce laws to create a 'liability shift' for fraud if online platforms chose not to adopt safer practices and digital ID. **Making online platforms liable for the fraud that originates on their platforms will give them an incentive to help prevent it.**

The UK's commitment to advancing digital identity is evident through its government-led initiatives, collaborative efforts with industry stakeholders, and legislative reforms. These developments aim to create a secure, efficient, and user-friendly digital identity ecosystem, benefiting individuals, businesses, and the broader economy.

However, we don't want to go back to 2006 - the Tony Blair Institute and Labour think tanks are still advocating for centralised government systems to control all ID transactions, for citizens, corporates, and for those who need to check them.

This centralised approach didn't work in 2006. In 2025, we have many more options and technology to enable a more decentralised, privacy-preserving ID ecosystem in the UK.

Nor do we at OneID® believe that Big Tech should take over ID, as they have taken over how we find things, what we buy, how we pay, how we connect with others, what we watch and even what we think.

In AI, the UK government wants the UK to be an "AI maker, not an AI taker". Is there a similar aspiration for the UK to be an "ID maker, not an ID taker"? **If we leave ID to big tech, we end up being the taker, with the US controlling UK identity information – is this desirable?**

As the UK identity ecosystem establishes itself over the rest of 2025, it is up to the government to support the DIATF in providing alternatives to government ID or Big Tech ID. And banks have a golden opportunity to play key roles in providing their customers with ID services before they become embedded elsewhere.

Banks will be consumers of DVS services; what is less clear is the extent to which they want to be providers. **The UK should aim to keep ID data in the UK, controlled by UK citizens and organisations.** This leaves us in control of our "crown jewels"; our most critical data, the identity data that defines who we are, and gives us control over our own destiny. Anything less will keep the door open to fraud and mean a loss of control to other nations, and once gone, we won't get it back.

ABOUT ONEID:

OneID® is the only UK Identity Service that uses bank-verified data to create absolute certainty between a business and its customers in a fast, simple, secure and truly digital way.

Along with bank-verified data, **we also offer businesses the flexibility to choose from trusted data sources, like mobile network operators, government identity documents, and our own digital identity wallet, depending on the business and compliance needs they have to meet.**

OneID®'s real-time verification solutions balance digital ease with the strongest counter-fraud measures. **It seamlessly blends into the digital habits of today's customers, enabling businesses to verify 98% of UK adults with minimal friction and maximum confidence.**

In addition to identity verification, OneID® simplifies age verification, Direct Debit setup and customer and employee onboarding. **By streamlining these processes, OneID® partners with businesses to comply with key regulations like the Online Safety Act, reduce operational costs, improve customer engagement, and drive growth.**

OneID® is a government-certified, FCA-regulated, and B Corp business committed to making the digital world safer. Headquartered in the UK, we've brought together experts in Digital Identity, Payments, Banking, Technology, and Government to help businesses build trust and security at scale.

FOR MORE INFORMATION
Contact **Adrian Field**

+44 7453 338882
adrian@oneid.uk