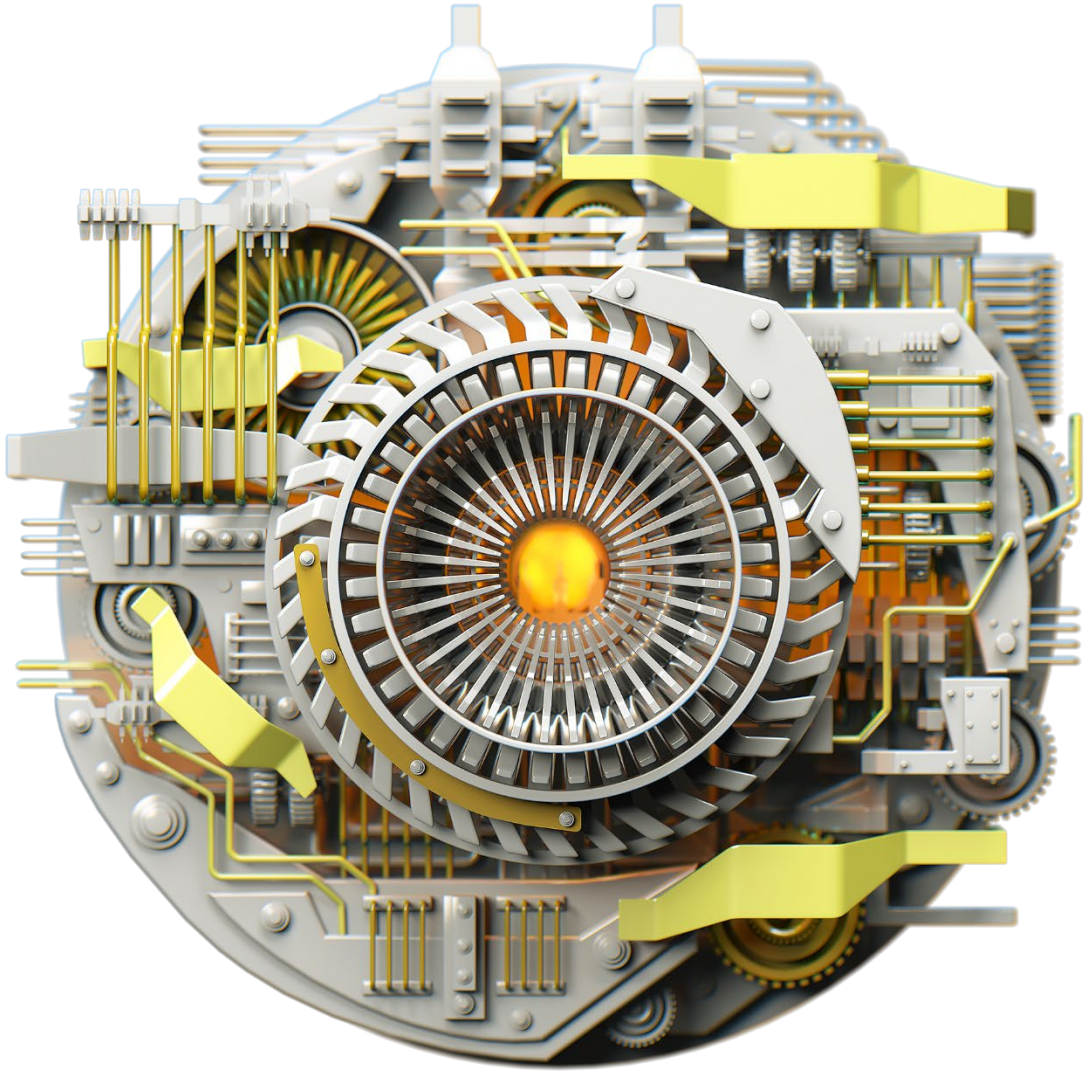
Deloitte.



OCTOBER 2024

# Digital Credential Verification in the Real Estate Space

Proving Who You Are and What You Own

# Questions for today

Why do we need digital credentials?

What are digital credentials?

What do they matter for this audience?

# Our economy is at the limit of what can be done digitally based on our trust tools

"On the Internet, nobody knows you're a dog."

If I want to prove who I am remotely, my options are limited

- **Credit cards** provide a level of trust for ecommerce - vendors trust that they'll get paid for goods and services
- **Knowledge based questions** are a painful user experience and ripe for scammers

The digital tools in place today do not facilitate the level of trust required for high value transactions

# Driver Change 1: Increasing sophistication of fraudulent actors targeting real estate

*Fraudsters pose as owners and "sell" a property*

**At least 3 B.C. homes listed for sale without homeowners' knowledge amid surge in title fraud in Ontario**

Homeowners encouraged to set up Google ale
house is listed for sale

**Couple whose Toronto home sold without their knowledge says systems failed to protect them**

Stakeholders call for multi-factor ID verification to protect against real-estate fraud

**How thieves stole a Toronto condo and sold it for $970K**

Title fraud is becoming more common in Ontario, insurance investigator says

**35 people in Kitchener, Ont., out total of $40K, say police about one of latest online rental scams**

Building's owner says there are 'bad actors who made attempts to exploit the system'

*Fraudsters pose as landlords and collect rent deposits*

With tools like generative AI, fraudsters will increase their scale and sophistication of scams

# Driver for Change 2: March towards simplified user experiences and process efficiencies

## Users Expectations

- Common processes in other industries elevate expectations and put pressure on areas that have not yet digitized
- E.g., sign in with Apple, digital bank account opening



## Process Efficiencies

- Digitizing paper-based or in-person processes open up automation and efficiency opportunities
- E.g., digital ID proofing vs manual investigations,

The combination of user demands, improved fraud mitigation, and process efficiencies makes a pretty good case to consider digital credential capabilities

# Digital Credentials

A collection of **attributes** that are tied to a physical person, held in an **electronic form** and **available for use** in a digital world

**FOUNDATIONAL CREDENTIALS**

Birth Certificate, Permanent Residence Card, Provincial/State ID, Social Insurance Number, Passport, etc.

**EXTENDED CREDENTIALS**

Bank Credential, SIM Card, Social Media Login, Professional Membership, Proof of Income, Employee ID, Student Card, Degree/Diploma, etc.

# Credentials exist on a spectrum from simple access control to multi-party attribute exchange

### Cross-Organization Centralized Login

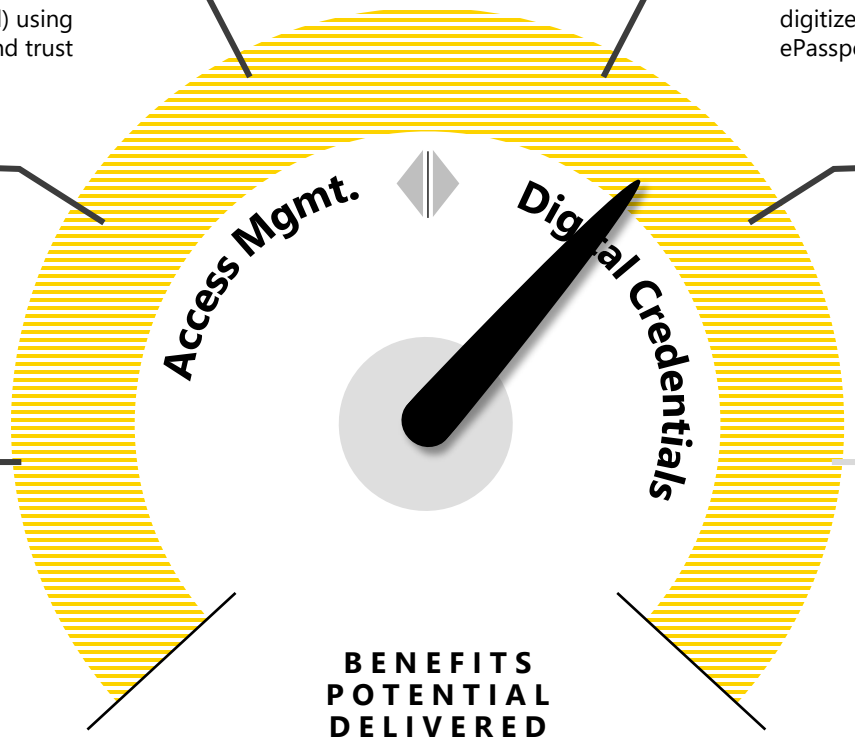
A centralized authentication network that enables convenient access to numerous online services (e.g., tax portal) using credentials that users already have and trust

### Single Sign-On Within Organization

An authentication mechanism that manages access control of multiple related, yet independent, software system within an organization through a single user ID and password

### Identity & Access Management

A framework that enables organizations to securely capture and manage customer identity and profile data, and control customer access to applications and services




### One-to-Many Attribute Exchange

A basic digital identity solution that allows user to share the digitized form of a single trusted identity (e.g., driver's license, ePassport) with various service providers

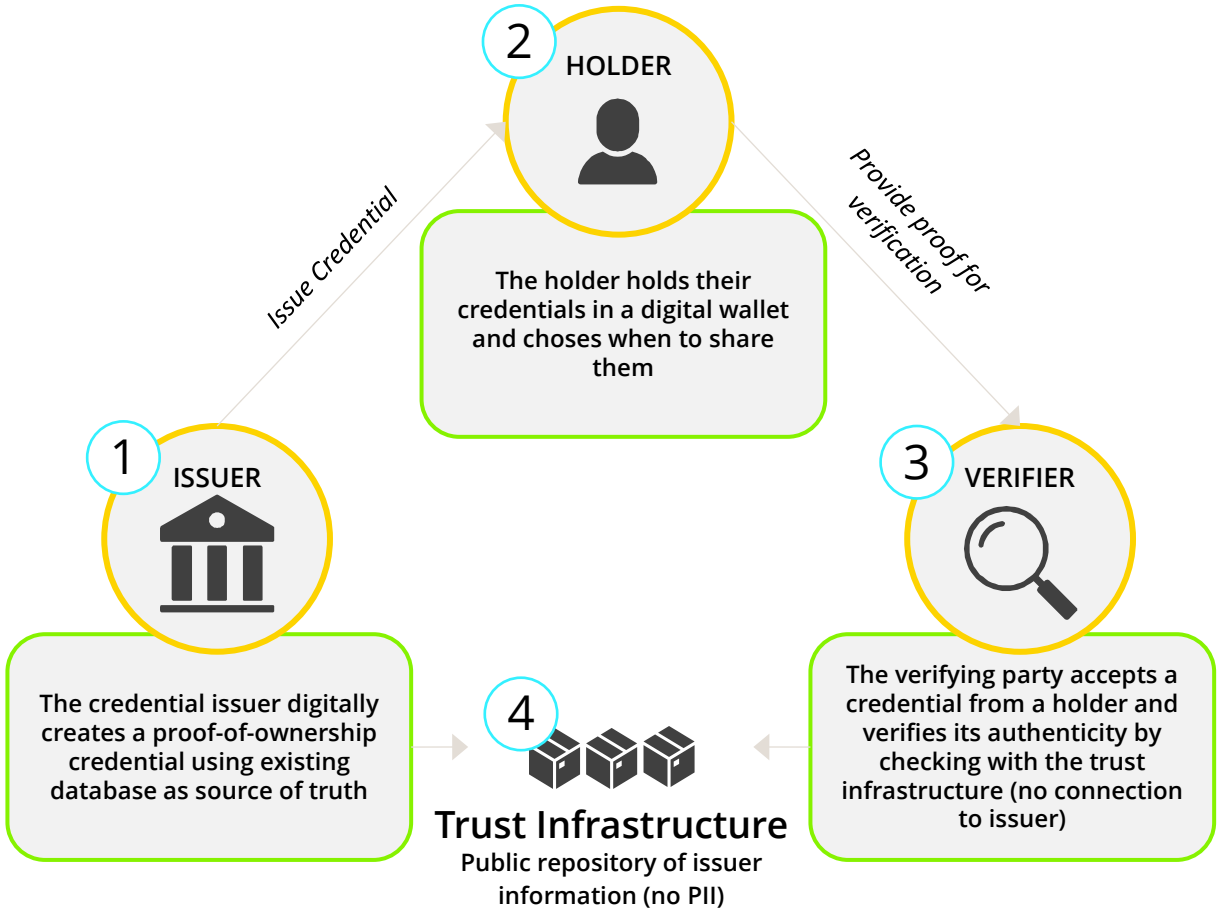
### Many-to-Many Attribute Exchange

An exchange network that offers a secure and convenient way for users to consent to share personal information from different trusted sources (e.g., bank, telco, government) with service providers they want to transact with

### Global Interoperability

A scheme that connects national digital credential platforms across the globe, allowing users to use trusted identity issued in one country to access secure services in another country

# A digital credential ecosystem needs 4 primary components to operate




1 **Issuer**

The authoritative source (e.g., government, land title authority, professional body)

2 **Holder**

The person holding a credential in their digital wallet (e.g., property owner, lawyer, surveyor)

3 **Verifier**

The organization who wants to consume the proof or credential (e.g., government, private sector)

4 **Trust Infrastructure**

A registry of issuer details for verification purposes, no PII or credential details

# Before issuing, a robust onboarding process is required ('ID Proofing')

## Existing Processes

- In-person ID verification at a kiosk, service centre or even video chat with customer service agent
- Relies on existing processes

## Document Scanning

- User takes picture of an ID document plus a "selfie"
- Relies on a risk-based assessment of the document's authenticity and holder

## Existing Digital Credentials

- User brings an existing digital credential (e.g., bank ID, government ID, etc.)
- Relies on trusting the existing credential

The selected path or combination chosen will depend on jurisdiction's existing capabilities and regulatory framework (e.g., Know Your Customer regulations)

# There are many types of credentials that could be leveraged across the real estate value chain

## Person Credential

Demonstrating that the holder is a real person

**Sample Attributes**:

- Name, Date of Birth, Picture

## Proof of Ownership

Demonstrating that the holder owns something

**Sample Attributes**:

- Property ID, Property address, co-owners

## Proof of Membership

Demonstrating that the holder is a member of a profession (lawyer, notary, surveyor, engineer, etc.)

**Sample Attributes**:

- Name, membership number, expiration date, etc.

# Many jurisdictions have already started their digital credential journey

## Australia

*Digital driver's licenses (NSW) and looking at additional credential types*

- Digital driver's licenses demonstrate proof of age at retail stores

## European Union

*Goal of national digital credentials recognized by all member states*

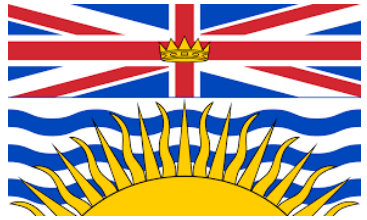
- Seeking to have nationally issued wallets and credentials in 2 years (e.g., IDs, prescriptions, eSigning, etc.)

## United States

*Multiple States are issuing digital driver's licenses into citizen's Apple Wallets*

- Users can use their digital diver's license on their phone as valid ID at TSA checkpoints during air travel

## British Columbia, Canada



*The Gov. of BC is issuing digital Person Credentials and the Law Society of BC is issuing membership credentials*

- Developing use cases include lawyers accessing court documents remotely

# Trusted digital credentials can elevate the trust level in the real estate industry

### *Opportunities in Real Estate*

- Property transactions are high value
- Transactions require a high degree of trust
- There are lots of paper processes with opportunities for digitization

### *Revisiting our news stories…*

**Property Owners Impersonated for sale**

- Robust ID proofing limits ability to fake property ownership

**Landlords impersonated to collect rent**

- Proof of ownership could provide assurance to prospective tenants

**Lawyers impersonated for sale of property**

- Simplified proof of professional status increases the difficulty in fraudulent professionals

There is opportunity to take these tools that are already being used else ware to increase the level of trust in the real estate transactions and simplify some processes

# Use cases go beyond real estate transactions and can incorporate a range of other players

**Sample Uses:**

### Credit Applications

Simplified workflows with FIs to demonstrate ownership in credit process

### Municipal Portal Access for Permits

Credential used to log into city portal to apply for garage renovation permit

### School Registration

Demonstration of eligibility for municipal school zones

### Short Term Rental Permit

Registration with city to use basement suite as AirBnB

Once a digital proof-of-ownership credential exists, there are other places it can drive value

# Key take aways

1. **Authoritative Source Remains** | In digital credential world, the authoritative source does not change. For land titles, the organizations that hold the registry are still the authority of who owns what. For professional organizations, they are still the authority of who their members are

2. **Expanded Opportunities** | Through proof-of-ownership or proof-of-membership, digital credentials give organizations new ways to provide their users with something useful. A digital credential is a tool in a broader process or experience

3. **Capitalize on Existing Momentum** | You are not starting from scratch – organizations around the word are laying the foundation. Seek partnership with Federal/State/Provincial governments or the private sector who are already working in this space to accelerate your progress