NEWS RELEASE

Digital ID Seen as Key to Global Compliance Efforts, Though Legal and Technical Hurdles Remain for Broader Adoption: ACAMS-RUSI Survey

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Survey Respondents say the technology has the potential to shine more light on illicit financial networks with greater guidance and the issuance of global standards

CHICAGO & LONDON--(BUSINESS WIRE)-- The best uses of digital ID for anti-financial crime purposes, which regions are most prepared to deploy the technology and whether local data privacy laws could impact its rollout are some of the key findings from a new global survey commissioned by ACAMS and RUSI, in partnership with YouGov. Some 86% of the survey's more than 300 participants—a group that includes representatives from multinational banks, governmental bodies and other academic organizations—view digital ID as a positive innovation, though respondents remain split on whether they face legal barriers to its widespread use.

Although approximately 85% of respondents say that digital ID would most benefit customer onboarding, the survey identified differences in opinion between those from jurisdictions where such tools are already in use and those in countries where they are not. Less than half of the survey participants from jurisdictions where the technology is currently available believe it can make onboarding cheaper and more effective, while two-thirds of respondents from nations where it is not in use believe it could improve the efficacy and lower the costs of bringing new clients on board. When asked which compliance hurdles digital ID could help to overcome, 74% of respondents cited labor-intensive manual checks to verify and authenticate customer identities, 71% said the use of forged documents and/or identity theft and 67% identified customer friction and costs.

Views of the technology's potential impact on the fight against financial crime were also positive, with 62% of participants citing the provision of consistent customer ID data as the most important advantage conferred by digital ID and 57% indicating that it would enhance the ability of institutions to identify red flags and typologies of illicit finance—steps that would ultimately allow compliance professionals to better detect criminal networks when taken alongside analyses of geolocation data and other information, respondents believe.

But the global deployment of digital ID faces potential hurdles when it comes to national legislation

and technical standards, participants said. Respondents in the Middle East most strongly believed that existing data-privacy legislation permits the use of digital ID whereas respondents in South America were much more hesitant, with most from this region saying that present laws would hinder their adoption of digital ID.

A plurality of 49% cited the lack of standardization of digital ID across the globe as the biggest hurdle to integrating the technology in every market their institution operates in, while insufficient guidance and cybercrime concerns were cited by 41% and 38%, respectively.

"The findings of the *ACAMS-RUSI Digital ID Survey* reflect a great deal of optimism among financial institutions, law enforcement agencies and other vested parties that technological tools that help match potential clients to their official online identities can play an important role in detecting money launderers, fraudsters and other illicit actors," said Rick McDonell, executive director, ACAMS. "However, before that potential can be fully realized, more work needs to be done on a global scale to ensure legislative and regulatory compatibility in using digital ID to tackle the international nature of cybercrime and fraud."

"These results show that digital ID certainly has an important role to play in the fight against financial crime," said Isabella Chase, Research Fellow at the Centre for Financial Crime and Security Studies at RUSI. "Although more cautious than we were expecting it appears the financial crime compliance community are ready to adopt this tool once regulatory hurdles have been overcome. In the long run this will likely lead to the much more sustainable use of digital IDs."

Of the 304 respondents to the survey, 74% said they work in the private sector, with 38% of those indicating that they are employed by international banks and the remainder citing other financial institutions, FinTech firms, technology providers or companies not in the financial sector. Fifteen percent said they work in the public sector while the remaining 11% said they were employed in academia, charities, nongovernmental organizations or think tanks. Nearly two-thirds of the survey's participants were located in either Europe or the United States. The digital Identity survey is the 3rd conducted jointly by ACAMS and RUSI since 2019.

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ACAMS is a member of Adtalem Global Education (NYSE: ATGE), a leading workforce solutions provider headquartered in the United States. ACAMS is the largest international membership organization dedicated to enhancing the knowledge and skills of anti-money laundering (AML) and financial crime prevention professionals from a wide range of industries. Its CAMS certification is the most widely recognized AML certification among compliance professionals worldwide. Its new Certified Global Sanctions Specialist (CGSS) certification commenced in January 2020. Visit acams.org for more information.

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RUSI is the world's oldest independent defence and security think tank. Its mission is to inform, influence and enhance public debate on a safer and more stable world. RUSI is a research-led institute, producing independent, practical and innovative analysis to address today's complex challenges. Established in 1831, RUSI was named 'Think Tank of the Year' by *Prospect* magazine in December 2020. RUSI's Centre for Financial Crime and Security Studies is dedicated to addressing the challenges of financial crime and threat finance to the UK and international security and the important role finance can play in identifying and disrupting a range of globally-recognised threats.

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