



2Shakes Identity Verification: Part 3 of the IDV Code of Practice



This document provides details of how electronic ID Verification in 2Shakes relates to each section of part 3 of the New Zealand Government's [Amended Identity Verification Code of Practice 2013](#).

Note for AML Reporting Entities

When the AML Supervisors released an [Update to the IDVCOP Explanatory Note](#), new ID Verification requirements were introduced including:

- **robust methods** to verify the document's authenticity.
- **robust methods** to link between the person and the identity document they were presenting.

The [Biometric option](#) in 2Shakes meets the updated requirements. The explanatory note gives examples of what is and isn't acceptable, and our Biometric option aligns with Example 2. That is why our Biometric IDV has been the 2Shakes default since the Supervisors released the Updated Explanatory Note in July 2021.

NB: By itself, the [Electronic IDV option](#) in 2Shakes verifies the data, but does not provide the robust methods required by the Updated Explanatory Note.

If you are doing AML Due Diligence and changing from Biometric to Electronic in 2Shakes, you need to take **Additional Measures** to meet the requirements. Or save time and effort and leave the Biometric IDV as default.

Introduction

The information below is for the benefit of New Zealand AML/CFT Reporting Entities to include or refer to it in their own AML Programmes.

The information is also available on the 2Shakes website at <https://2shakes.co.nz/idvcop>

The IDV Code of Practice Section 3 consists of Sections 14 to 18. Please find in the following information how 2Shakes meets each section:

- **Section 14:** Definition
- **Section 15:** Verification checks required
- **Section 16:** Duplicate ID check
- **Section 17:** Attributes of the sources of data
- **Section 17a:** Accuracy
- **Section 17b:** Security
- **Section 17c:** Privacy
- **Section 17d:** Method of information collection
- **Section 17e:** Link customer to claimed identity
- **Section 17f:** Source is a Government Body
- **Section 17g:** Source is additionally verified by another reliable source
- **Section 18:** Wording for your AML/CFT compliance programme

Section 14: Definition

14. An electronic identity is a record kept in electronic form that contains authenticated core identity information about an individual. Electronic verification is using that record to verify an individual's identity when an entity is conducting customer due diligence.

When using the Biometric IDV option 2Shakes meets this definition of electronic identity verification described in section 14.

If you change to 2Shakes Electronic IDV option you must take Additional Measures to meet the requirements.

Section 15: Verification checks required

15. In order to conduct electronic identity verification of a customer's name and date of birth a reporting entity must;
 - a) verify the customer's name from either:
 - a. a single independent electronic source that is able to verify an individual's identity to a high level of confidence; or
 - b. at least two independent and reliable matching electronic sources.
 - b) verify the customer's date of birth from at least one reliable and independent electronic source.

Once the Biometric checks and matching have taken place, 2Shakes uses the Centrix SmartID service to verify the data at trusted sources. The table below shows the Centrix SmartID logic used to match name, date of birth and address against electronic data sources as outlined in section 15 of the Code of Practice.

The Driver Licence First Name, Last Name, Date of Birth, Driver license and version match the NZTA driver license database)	OR	NZ Passport Full name including all middle names, Date of Birth, Passport number and expiry date match the Department of Internal Affairs passport database
AND At least two external trusted data sources match on first name and surname		
AND At least one external trusted data source that matched on first name and surname matches on date of birth		
AND At least one external trusted data source that matched on first name and surname matches on address		
AND The PEP (Politically Exposed Person) check is clear		

This verification must match either a driver license or passport as a primary step in the electronic verification process. Additionally, Centrix SmartID includes a Politically Exposed Person (PEP) check, required under [section 26 of the Act](#).

26 Politically exposed person

- (1) The reporting entity must, as soon as practicable after establishing a relationship or conducting an occasional transaction or activity, take reasonable steps to determine whether the customer or any beneficial owner is a politically exposed person.

Section 16: Duplicate ID Check

2Shakes automatically checks to ensure that you have not previously ID Verified a person with the same name. If name does match a previous record, you are able to interrogate this further to determine if it is the same identity or not.

16. Reporting entities must check the person's details against their customer records to ensure that no other person has presented the same identity information on their documents.

2Shakes can automatically check for duplicate names because you store all your CDD (both electronic IDV and manual documentary ID records) in one place – 2Shakes' cloud platform.

Section 17: Attributes of the sources of data

The Code of Practice asks that the data sources used for electronically verifying identity are accurate, secure, maintain privacy, are linked to the individual, come from government or from another reliable source.

17. When determining what type of electronic sources will be considered independent, reporting entities must have regard to:
 - a) accuracy (how up-to-date is the information and what are the error rates and matching parameters);
 - b) security;
 - c) privacy (including whether the management and provision of the information is consistent with the Information Privacy Principles 5 to 11 in section 6 of the [Privacy Act 1993](#));
 - d) method of information collection;
 - e) whether the electronic source has incorporated a mechanism to determine whether a customer can be linked to the claimed identity (whether biometrically or otherwise);
 - f) whether the information is maintained by a government body or pursuant to legislation; and
 - g) whether the information has been additionally verified from another reliable independent source.

NB: The Privacy Act has been updated to The Privacy Act 2020.

Section 17a: Accuracy

Centrix SmartID matches information provided by individuals in real-time against trusted online databases. SmartID uses a method known as an Application Programme Interface (API) to allow the 2Shakes application to securely send client information that is verified directly against the source data systems. This means data is matched against the most up-to-date information available.

The SmartID service in 2Shakes has on average successfully verified an individual's identity and address in over 85% of cases. In a further 10% of cases the identity was successfully verified with just the address needing to be verified manually. (Figures as at April 2020).

Section 17b: Security

All information in 2Shakes is securely protected on Microsoft's world-class Azure cloud platform. 2Shakes have resilient geo-redundancy across two data centres in Australia, maintaining data sovereignty since the information is in a 5-eyes country but not subject to the Patriot Act in the USA.

2Shakes has completed NZ Department of Internal Affairs 105 questionnaire on secure cloud computing for government. The system has also undergone security assessments from

MBIE and ACC, as well as an ACC Privacy Impact Assessment. This again provides an independent confirmation that we are storing client information safely and securely online. Access to 2Shakes is restricted by users' names and passwords with mandatory [2-Factor Authentication](#).

All information transmitted from 2Shakes to Centrix is securely encrypted using industry standard protocols.

Section 17c: Privacy

2Shakes adhere to the principal of Privacy by Design, privacy and protection of data were designed into our solution from the beginning. 2Shakes was developed to meet the New Zealand Governments strict requirements for Privacy and Security.

NZ Privacy Act requires that individuals only get asked for the information that is needed by the company they are dealing with. When you use 2Shakes the fields and selections you make only ask for required information. We have also designed our system in a way that prevents inadvertent sharing of private information.

2Shakes requests only the information required to meet the AML/CFT legislation, being an individual's first, middle and last names, Date of Birth, Gender and address, and well as a primary identity document:

- Driver License: License number and version number (plus card number if required for Australian ID verification)
- Passport: Passport number and expiry date

Consent is required of the person whose identity you wish to verify. If you have selected to send an email link to this person then they are asked to give their consent when completing the online ID verification (whether Biometric or Electronic). If you are entering ID details on their behalf, then you are required to confirm that you have their consent.

Section 17d: Method of information collection

ID Verification can be completed by either the individual customer or the reporting entity entering the information into 2Shakes.

Biometric

When using the Biometric IDV option 2Shakes sends the client an email, and they enter their mobile number. We then send a text with a secure link for them to complete Biometric data collection and checks on their mobile phone. The data collected is then sent for verification, and the results presented to you to Accept/Decline.

Electronic (Data Only)

With the Electronic option, ID information is collected remotely by sending the customer a unique URL link contained in an email. They click on the link, enter the required information, and consent to it being verified.

With the **I'll Do the IDV-Electronic** option, the customer provides the reporting entity with the required information (through any means, including email, phone or in person). They also must provide consent for the information to be electronically verified. The reporting entity then enters the customer information for verification in 2Shakes, as well as confirming the verification has been consented.

Remember: If you change the default from Biometric to Electronic IDV you must take Additional Measures to meet the requirements.

Section 17e: Link customer to claimed identity

2Shakes Biometric IDV uses a Biometric check to ensure:

- the ID Document is genuine and has not been altered
- the person is live
- the person biometrically matches the ID Document photo
- and then carries out the normal electronic data verification.

This is in line with Example 2 of the Updated Explanatory Note, and includes:

- **robust methods** to verify the document's authenticity.
- **robust methods** to link between the person and the identity document they were presenting.

After the Biometric part is complete, 2Shakes carries out the appropriate data verification. 2Shakes always carries out either a Passport or Driver License verification via DIA or NZTA respectively, or a DVS verification for Australian ID Documents.

No Biometric (or Electronic, if chosen) ID Verification can be completed successfully in 2Shakes without the primary ID Document's data being electronically verified by the issuer.

For Electronic IDV you must take Additional Measures to link the person to the identity they are claiming.

2Shakes reminds reporting entities that the responsibility to ensure the information provided relates to the individual they are dealing with, ultimately rests with the reporting entity. Any additional measures taken can be recorded in 2Shakes under Notes & Files for future review and audit purposes.

Section 17f: Source is a Government Body

The following Government sources are used as the primary identification method:

- DIA Passports Database
- NZTA Driver License Database
- Australian DVS system for Australian Driver Licenses and Passports

The Passport or Driver License data must be electronically verified for the ID Verification to succeed (with final ID verification success subject to the other checks carried out).

If the Passport or Driver License cannot be verified electronically, 2Shakes reverts the ID verification to Manual, and allows the reporting entity to record ID verification steps (including scanned files) in Notes & Files, and to mark the ID Verification as Done.

Section 17g: Source is additionally verified by another reliable source

Along with a verified Driver License or Passport, the verification of data in SmartID completes the ID and address verification rules (see s15 above) using a comprehensive set of databases (as allowed for by the Credit Reporting Privacy Code 2004). These verification steps use the following Government and private, reliable, independent sources:

- LINZ/NZ Property Owner
- Database
- Banks
- Retail Energy accounts
- Finance companies

Section 18: Wording for your AML/CFT compliance programme

The IDV Code of Practice provides a safe harbour for AML reporting entities.

18. Reporting entities that use electronic identity verification methods must include the following information in their AML/CFT compliance programme that describes:
- a) the forms of electronic identity verification methods that are considered reliable, robust, independent and in what circumstances they will be used for the purpose of electronic identity verification;
 - b) how the methods have regard to the matters described in clause 17; and
 - c) any additional methods that will be used to supplement electronic identity verification or otherwise mitigate any deficiencies in the verification process.

To comply with the code of practice while using 2Shakes, you can:

- Refer to the web page <https://2shakes.co.nz/idvcop> in your AML Programme,
- Insert the contents of this document (or the webpage) in your AML Programme,

You can also insert similar text to the following, in your AML Programme:

As per the New Zealand Government's Amended Identity Verification Code of Practice 2013, and the Updated Explanatory Note, 2Shakes Limited is a reliable and independent method of carrying out Electronic Identity Verification.

For 2Shakes Biometric IDV, 2Shakes includes robust methods to robustly verify the authenticity of an ID Document, then biometrically link it to the person claiming it. This aligns with Example 2 of the Updated Explanatory Note.

Once the Biometric checks have completed, 2Shakes verifies the data and performs a PEP Check.

2Shakes checks name, date of birth, address and PEP status from independent and reliable electronic sources. 2Shakes automatically matches on name to ensure that no person with this name has been identity checked before.

Depending on circumstances, 2Shakes can reliably and independently be used to:

1. Using the 2Shakes Biometric IDV, reliably meet the IDVCOP and Updated Explanatory Note's requirements for robust linking plus data verification.
2. Using the 2Shakes Electronic IDV, verify identity data in line with the IDVCOP. Here, the Reporting Entity must take additional measures to ensure the person is robustly linked to the ID Document they are claiming.
3. Using the 2Shakes Manual IDV, manually record the steps and documentary evidence used in Manually ID Verifying an individual (when original or certified copies of identity documents are sighted in person and the results recorded in 2Shakes), in line with the IDVCOP Documentary ID verification. With a manual ID Verification, 2Shakes can also be used to either:

- i. Carry out an electronic Politically Exposed Person (PEP) check via Centrix, or
- ii. Be used to record a PEP check result carried out in another system.

NB: You should always obtain independent expert and/or legal advice in relation to your AML Programme and how you as a reporting entity comply with the legislation.

Thank you very much for using 2Shakes to assist with your AML/CFT Compliance. If you need any further information please email support@2shakes.co.nz with any queries - we are always very happy to help.

Ngā mihi nui,

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Client Onboarding Automation. AML Due Diligence.