

Isle of Man Government



"KNOW YOUR CUSTOMER" BEST PRACTICE GUIDANCE NOTES

Endorsed by the Chief Officer Group and the Council of Ministers - February 2004

Issued by:-

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10th December 2005

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Introduction

This document has been developed as part of the Isle of Man Government's continuing commitment to modernisation and is a proactive approach designed to keep pace with the changing business environment.

During the past few years there has been a marked increase in stolen identification and/or falsified documentation being used for the procurement of Government services and benefits throughout the United Kingdom. The Island has not suffered from the same degree of exposure in its public service delivery yet remains a potential target which does not permit complacency. With the increasing diversification of the local population it is vital that appropriate verification and validation procedures are in place to ensure the authenticity of personal identification and entitlement to services and benefits.

The Residence Act 2001 legislates for the introduction of a control of residency on the Isle of Man to assist shape the economic development of the Island. Residency control, if activated, would introduce the need to confirm residency status together with individual identification for the supply of some benefits and services offered by Government.

It can therefore be seen that accurate confirmation of an individual's identity is recognised as an aim of Government. The main purpose of this document is to provide best practice guidance to Government bodies in order to mitigate the risk associated with the provision of Government services and benefits.

Terminology

The meaning of the terms validate, verify and identity are as follows:

- a) **Validate**, to demonstrate that a claimed identity exists (i.e. that a person, who has certain attributes, exists);
- b) **Verify**, to demonstrate that the person is who they claim to be (i.e. that the person purporting to hold these attributes is not impersonating the actual owner of the identity).
- c) **Identity** means a set of attributes which together uniquely identify an individual.

“Know Your Customer” Requirements

Many Government services require the service user to properly identify him/herself before access is granted. As identity fraud is a global concern Internal Audit Division, Treasury, has undertaken a review of practices adopted elsewhere. The best of these practices have been incorporated into the Isle of Man Government’s “Know Your Customer - Best Practice Guidance Notes” resulting in the identification of three registration levels. Each level represents the degree of trust required in the asserted identity and for completeness a level zero was assigned where no authentication is required.

These registration levels allow each Isle of Man Government body to assign different levels to the various services or benefits they provide, based upon the extent of assurance required to establish a person’s identity. It is the responsibility of each department to decide which level of assurance is appropriate based on the risk of a fraud being perpetrated and the potential financial, political or reputational loss to Government. The levels of assurance have been summarised below:

a) Level One

On the *balance of probabilities*, the applicant’s real world identity is verified. For example, a transaction that may merit level 1 assurance is the issue of a library card.

b) Level Two

There is *substantial assurance* that the applicant’s real world identity is verified. Encashment of a benefit voucher at the Post Office or registration with a General Practitioner are examples of transactions, which may merit level 2 assurance.

c) Level Three

The applicant’s real world identity is verified *beyond reasonable doubt*. An example of a transaction, which may require level 3 assurance, is the application for a passport.

The higher the “Level”, the greater the assurance that is required in the validation and verification of the applicant. Credentials used for Level Two transactions may also be used for Level One transactions, and those obtained for Level Three transactions may also be used for Level One and Level Two transactions.

Attributes to be Validated and Verified

In almost all cases, an individual will have a set of attributes, which uniquely identify that person across time to a wide range of parties.

The minimum set of attributes acceptable to Government for specifying the identity of an individual is therefore:

- a) Full names or names by which a person is or has been known (including other names used);
- b) Residential address at which he/she can be located;
- c) Date of Birth.

Verification involves collecting supporting evidence to verify that these attributes genuinely belong to the applicant. Each department/public body must verify these attributes with a degree of assurance appropriate to the Level assigned to the service/benefit provided.

There is no single form of identification, which can be fully guaranteed as genuine, or representing correct identity, the verification and validation process will in principle be based on the review of various types of evidence, which in combination can confirm the identity of the applicant with a greater or lesser degree of certainty, in a **“cumulative process of identification”**.

There may also be other attributes that are relevant to the use of credentials, but which must be associated with a combination of the other attributes outlined above and evidence adduced to demonstrate that association.

Records of Identification Evidence

Reference numbers and other relevant details of the identification evidence obtained should be recorded to enable the documents to be obtained again. Where a higher degree of recording is deemed appropriate an image (photocopy or electronic scan) of the relevant evidence should be retained in order to demonstrate that due care has been undertaken in the issuance of the identification document or the supply of a service.

Types of Evidence to Validate and Verify an Identity

The following types of evidence contribute to validating and verifying an individual's identity, and should be used by Government departments / bodies.

Table 1: Illustration of Evidence to Validate and Verify an Identity

Types of Evidence	Description			
Personal Statement	Information supplied by the applicant "in his/her own words" or by completing a questionnaire (or supplied by the applicant's trusted agent in cases where the applicant cannot do so in person)			
Documents	Documents issued by a third party and in the applicant's possession			
	<table border="1"> <tr> <td>Main types (not necessarily mutually exclusive)</td> <td>Evidence of identity per se (normally with photograph and signature) e.g. passport (see appendix II, FSC "False Identity Documents"), driving licence.</td> </tr> <tr> <td></td> <td>Evidence of being "Active in Community" (recent document; shows Applicant's address) e.g. utility bill, TV licence etc.</td> </tr> </table>	Main types (not necessarily mutually exclusive)	Evidence of identity per se (normally with photograph and signature) e.g. passport (see appendix II, FSC "False Identity Documents"), driving licence.	
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	Evidence of being "Active in Community" (recent document; shows Applicant's address) e.g. utility bill, TV licence etc.			
Other third-party corroboration from a "Trustworthy Third Party"	Information (as in a reference) obtained by contact between the Government department and corroborator, or published information.			
Existing Relationship	Where the applicant is already formally known to the Government department and has had an official relationship over a substantial period of time.			

Documentary Evidence

This is defined as documents in the possession of the applicant, which are of a nature to confirm the identity and / or biography of the individual.

Examples of documentary evidence include the following:

Personal identity:

1. Current signed passport (see appendix II FSC "False Identity Documents");
2. Current Isle of Man or UK photo card driving licence;
3. Current full UK driving licence (old version) – old style provisional driving licences are not acceptable;
4. Current benefit book or original notification letter from the Department of Health and Social Security confirming the right to benefits;
5. Building industry sub-contractor's certificate issued by Income Tax Division;
6. Recent income tax notification;

7. Current firearms certificate;
8. Birth certificate;
9. Adoption certificate;
10. Marriage certificate;
11. Divorce or annulment papers;
12. Police registration document;
13. Certificate of employment in HM forces.

Active in the community:

1. Record of home visit;
2. Confirmation from an Electoral Register search that a person of that name lives at that address;
3. Recent utility bill or certificate from a utility company confirming the arrangements to pay for the services at a fixed address on prepayment terms (note that mobile telephone bills should not be accepted as they can be sent to different addresses);
4. Local authority rates bill (valid for current year);
5. Current Isle of Man or UK photo card driving licence (if not used as evidence of name);
6. Current full UK driving licence (old version)(if not used for evidence of name);
7. Bank or building society statement or passbook containing current address;
8. Recent original mortgage statement from a recognised lender;
9. Current local authority rent card or tenancy agreement;
10. Current benefits book or original notification letter from Department of Health and Social Security confirming rights to benefit;
11. Court order.

Checking a local or national telephone directory can be used as additional collaborative evidence, but should not be used as a primary check.

Not all documents are of equal value, the "ideal" is a document that is issued by a trustworthy and reliable source, is difficult to forge, is dated and current, contains the owner's name, photograph, and signature, and itself requires some evidence of identity before being issued (e.g. a passport).

"Active in the community" documents should be recent (at least one should be within the last six months unless there is a good reason why not) and should contain the address and name of the applicant.

To guard against forged or counterfeit documents only originals or notarised copies should be accepted. To guard against the dangers of postal intercept and fraud, applicants should be encouraged to send personal identity documents by a postal service that offers guaranteed delivery. Alternatively a copy certified by a legal representative, banker or other regulated professional person could be requested.

Third Party Corroboration

This shall be information supplied normally by a known and trustworthy organisation or person that can confirm (parts of) the biographical statement presented by the applicant. These should be bodies or persons with whom the applicant has recently had a formal, documented relationship. The third party must be independent of the applicant (i.e. **not** be related to the individual). Where the third party is not known to the Government department / body, suitable checks should be undertaken to confirm the

legitimacy of the organisation or person to ensure that the assurance provided by third party corroboration is not diminished.

The distinguishing feature of the third party corroboration is that it should be obtained by bilateral contact between the Government department and the third party, without direct involvement of the applicant other than to give consent and in many cases to propose the identity of the corroborator.

Where practicable such corroboration should include confirmation by the third party of some dynamic information or *de facto* "shared secret" which is unlikely to be readily known to anyone other than the applicant and the third party.

Third party corroboration can be obtained on-line (in particular, through a digitally signed e-mail), in writing, or by telephone to a published number, or by face-to-face contact.

Each source may be used separately as an alternative to one or more documentary checks. Care must be taken when using a combination of electronic and documentary checks that different original sources of information are used. For example, a physical check of a mortgage statement and an electronic check of the same mortgage account are based on the same source information.

Consent will usually be required when seeking to process personal data, especially where the data will be disclosed to someone that the data subject did not themselves provide the information. Some examples of third party corroboration are detailed below:

1. Government Departments, Statutory Boards etc.
2. Isle of Man Constabulary;
3. Utility companies;
4. Banks or other financial organisations regulated by FSC or IPA;
5. Medical practitioner with whom the applicant has a formal relationship (e.g. his/her GP);
6. Practising legal representative with whom the applicant has a client relationship;
7. Practising Justice of the Peace or Deemster.

Examples of commercial organisations providing acceptable electronic identity services include:

1. Credit Industry Fraud Avoidance System;
2. Dun and Bradstreet Ltd;
3. Equifax Europe Ltd;
4. Experian Ltd;
5. MCL Ltd.

Existing Relationship

Where the Government department through an existing business relationship already knows an individual, that knowledge may be used in lieu of, or in conjunction with, other evidence to verify identity.

Requirements for Assurance Levels

This section provides guidance as to the type and variety of evidence that is considered suitable for each of the three Assurance Levels.

In reality, there is no single piece of evidence, or combination of evidence, that can conclusively verify an identity. All things being equal, the more pieces of evidence that are adduced which confirm an applicant's attributes, and the greater the trustworthiness of the sources of evidence, the greater the potential degree of certainty.

The requirements for each level are described in the table below, with the different columns showing possible permutations of evidence.

Table 2: Illustration of Documentation Required at Relevant Assurance Levels

Application Requirements for Individuals

Authentication Levels	Level One*			Level Two		Level Three	
Degree of assurance as to identity appropriate to the Level	Balance of probabilities			Substantial Assurance		Beyond Reasonable Doubt	
Mode of application**	Face to Face			Face to Face		Face to Face	
Evidence adduced to verify identity (each <input type="checkbox"/> represents one separate item or source of evidence)	Possible permutations of evidence			Possible permutations of evidence		Possible permutations of evidence	
	Option 1	Option 2	Option 3	Option 1	Option 2	Option 1	Option 2
Personal Statement (should not be relied upon as evidence of identity)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> +	<input type="checkbox"/> +
Documents	Identity	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>
	Active in the Community		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Third Party Corroboration			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

Note:

* Requiring this information will help discourage the casual misappropriation of identities / creation of bogus identities.

** Where postal applications are made, additional evidence to confirm identity should be sought.

+ A higher level of detail required.

Availability of Documentation

There may be a small number of individuals who for a variety of reasons may not have access to a wide range of identification documents. For example, someone who does not drive, has not travelled abroad for many years if ever, does not own or rent property in their own name, is not in employment and does not hold a bank account, may find it difficult to provide many of the kinds of documentary evidence suggested as proof of identity.

This difficulty may be particularly acute with some social groups e.g., the homeless and other "dispossessed" or socially excluded persons which in the Island context represent relatively few. However, a wide segment of the population will lack at least some of the documentation. Furthermore, some groups (e.g. some elderly people) and those with certain types of disability or illness who may find it difficult to present in person, may also be disproportionately likely to lack much documentation.

Potential Solutions

In these cases Government departments / bodies may need to use visiting staff and/or agents to determine applications as appropriate. A vigilant but pragmatic approach to the acceptability of "non-standard" documentary evidence will be needed, plus full use of third party corroboration. The very absence of documents may add credence to an applicant's story (but of course, one cannot prove that the applicant is not withholding documents). Alternatively, it may be appropriate to accept as identification evidence a letter or statement from a person in a position of responsibility who knows the client, that tends to show that the applicant is who he/she says he/she is and to confirm his/her permanent address if he / she has one. Examples of persons in a position of responsibility include legal representatives, doctors, Ministers of religions, teachers, and social workers.

It may be noted that visiting the applicant at home is of itself a useful technique in giving assurance to the claimed identity (at the least, it strongly indicates that the purported applicant has access to the applicant's home address).

Storage and Processing of Information

As a result of application and authentication activities, Government departments will come to hold personal data on applicants. Government departments are required to adhere to the requirements of all relevant legislation such as the Data Protection Act 2002 (refer to appendix I, Data Protection Principles), in their administration of this data. In particular, the privacy and security of all personal information obtained during the application process is paramount.

Data Protection Act 2002

Summary of the Principles

Personal data must be:

1. Used fairly and lawfully;
2. Used for specific and lawful purposes, in a manner that is compatible with those purposes;
3. Adequate, relevant and not excessive;
4. Accurate and where necessary kept up to date;
5. Kept no longer than necessary;
6. Used in accordance with the rights of individuals under the Act;
7. Kept secure to avoid unauthorised access or unlawful use and accidental loss, destruction or damage;

Personal data must NOT be:

8. Transferred to another country unless that country has an adequate level of protection.

See Schedule 1 of the Data Protection Act 2002 for the list of jurisdictions to which transfer disclosure may be made.

Schedule 1 of the Act defines how these principles are to be interpreted while Schedules 2 and 3 sets out conditions for processing of personal data. For processing to be lawful one of the conditions must be met.

With regard to the seventh principle, Schedule 1 refers to appropriate security measures and the reliability of staff.

Further information is available from:-

- Data Protection and Information Security Coordinator for Government Tel 686522
- Data Protection Supervisor Tel 693260

APPENDIX II

Press Release Issued by The Financial Supervision Commission (5 January 2003)

FALSE IDENTITY DOCUMENTS

This notice is issued by the Financial Supervision Commission in accordance with the powers conferred upon it under Section 22 of the Financial Supervision Act 1984.

An important aspect of the international efforts to combat financial crime such as money laundering is the "Know Your Customer" principle. In many circumstances this places an obligation on financial institutions to obtain and verify the identity of prospective customers, and it is a common measure to obtain a copy of the applicant's passport. Customers may attempt to use camouflage and fantasy passports to circumvent the "Know Your Customer" procedures concerning evidence of identity.

Such passports may increase the risk to institutions of being unwittingly used for money laundering, but may also expose them to increased settlement, credit or lending risk.

Institutions should treat with extreme suspicion any customer attempting to use a camouflage or fantasy passport as evidence of identity.

Camouflage Passports

For the purposes of criminal activity or other dubious activity, some applicants may wish to conceal their true identity and background. The Commission is aware that certain companies offer over the Internet or through mail order what are known as "Camouflage Passports." These are often supplied as part of a package which may also include a driving licence, membership cards of societies or professional associations, or identity cards for national schemes such as health services, all of which are bogus.

Camouflage passports, although generally marketed as novelty items, are generally professionally produced using sophisticated printing and laminating techniques, bearing photographs, registration numbers and even entry and exit stamps of other countries. Therefore, in terms of quality, there is often no reason to believe that the passport is not genuine.

The aim of camouflage passports is to provide a seemingly genuine document from a seemingly genuine country. **However, the "country" supposedly issuing the passport does not exist or does not issue passports**, although to the casual observer they may seem plausible, and in many cases will sound familiar:

<u>Camouflage name</u>	<u>Real name</u>
British Guiana	Guyana
British Honduras	Belize
British West Indies	Does not exist
Burma	Myanmar
Ceylon (Republic of)	Sri Lanka
Dutch Guiana	Surinam

Eastern Samoa	American Samoa
Netherlands Antilles	Collection of islands e.g. Aruba, Curaçao, etc., that do not issue passports. Citizens of the islands have full Dutch passports.
Netherlands East Indies	Indonesia
Newfoundland and Labrador	Canada
New Grenada	Does not exist, although Grenada does.
New Hebrides	Vanuatu
Rhodesia (Republic of)	Zimbabwe
South Vietnam	Vietnam
Spanish Guinea	Equatorial Guinea
Upper Volta	Burkina Faso
Zanzibar	Amalgamated with Tanganyika to become Tanzania. Exists but does not issue passports.

NOTE

Soviet Union passports

There is widespread abuse of Soviet Union (USSR) passports. Although the Soviet Union ceased to exist as a political entity some years ago, the authorities in the Russian Republic are still issuing Soviet Union passports, and have stated that they will continue to do so until remaining stocks are exhausted. It is not known when this is expected to happen. However, the only type still being issued are ordinary passports, and any official or diplomatic passports purporting to be issued after October 1996 should be treated with suspicion and caution.

Additional difficulties surrounding Soviet Union passports are that it is believed (although not confirmed) that as many as 130,000 passports were misappropriated, with the inevitable conclusion that some may have fallen into criminal hands, and despite there being genuine Soviet Union passports, camouflage Soviet Union passports can also be bought.

Given the growing influence of organised crime within the former Soviet Union, and the level of uncertainty surrounding passports, it is recommended that extra care is taken regarding customers using Soviet Union passports as evidence of identity.

Spurious (or Fantasy) Passports

Spurious passports have the appearance of a passport, but are issued by organisations with no authority and to which no official recognition has been given. Such passports are therefore not an acceptable

statement of either nationality or identity. Spurious passports and other documentation known to the authorities are:

Passport	Comments/issued by
A.D.E.H.	Association D'Entrade International (International Society) Humanitaire Humanitarian
Anishinabek	Ojibway American Indian nation
Antigua (State of)	
Carolingian Bernician States and Dynasty	
Castellania	Grand Master of the Order of Free Templars and Prince of Castellania
Centre d'Information Corps Diplomatique et Consulaire	
Colonia (Kingdom of)	
Conch Republic	
Confederate States of America	
Confederation Mondiale des Correspondants Diplomatiques	
Cornish passports	
Corps Diplomatiques of the United States	
Corterra (Republic of)	
Department of Foreign Affairs Silver Card	
Ecumenical World Patriarchate	
Empire Washitaw de	

Dugdahmoundyah

Haudenosaunee

Mohawk American Indian nation

Hutt River

Hutt River Province and Principality originally claimed to be an independent American Indian nation in Canada, but now claims to be an independent state in South West Australia.

Imperial Constantinian Military Order of St. George

International Biographical Association

International Humanitarian Society

International Parliament for Safety and Peace

International Society for Krishna Consciousness

International Solidarity Centre

Iroquois Nation

held by some American Indians who are also American or Canadian citizens

Khalistan

used by some Sikhs seeking the separation of the Punjab from India. Issued by persons claiming to be the "Khalistan Government in Exile" based in Gravesend, Kent.

Knights of Malta

also known as The Sovereign Principality of St John

Koneuwe (Republic of)

KOmmunist NEUtral WEst is someone's back garden in Zurich, Switzerland

Kosmopolitan passport

Maori Kingdoms of Tetiti and Polyaesiea

the Titi or Mutton Bird Islands off the South Island of New Zealand, declared "independent" in 1985 by their "King and Absolute Ruler"

Melchizedek (Dominion of)	claims to be a transnational state with no definable national borders
Mohawk Nation	held by some American Indians who are also American or Canadian citizens
Nation of Israel	
Neue Slovenische Kunst (NSK)	Slovenian Art Collective
Nishnawbe-Aski	held by some American Indians who are also American or Canadian citizens
North American Indian Nation Government	
Oceanus	
Organisation of African Unity	
Paisos Catalans	Catalunya/Cataluña is a region of Spain
Palmeria (Principality of)	believed to be an uninhabited Hawaiian island
Parliamentary passports	
Patriarchate of Antioch	
Planetary passports	
Romano or Roma passports	
Romano Jumako Khetanipe	
San Cristobal (Republic of)	
Sealand (Principality of)	in the North Sea off the coast of Harwich, it is a concrete gun tower built in 1942
Service d'Information	
Symbolic European	

Texas passports

Trust Territory of the Pacific Islands

UNO (United Nations Office, Inc.)

Vera Cruz (Free and Independent State of)

Wikingland/Vikingland

Furstentum Wikingland (the Viking Principality)

World Parliamentary Confederation of Chivalry

World Service Authority

available in both standard and diplomatic versions, these documents are so popular even counterfeit copies of them have been identified

Financial institutions or other businesses which place regular reliance on passports as evidence of identity should take all steps to ensure that they obtain copies of more than just the page bearing the applicant's photograph, e.g. also the front cover and inside page, so that there is proof of the country that has issued the passport.

In the event of any suspicion about the validity of a passport being used as evidence of identity, or in the event of any queries about this Public Warning, please contact:

For further information, please contact:

Head of Enforcement
Financial Supervision Commission
PO Box 58
Finch Hill House
Bucks Road
Douglas
Isle of Man
IM99 1DT

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