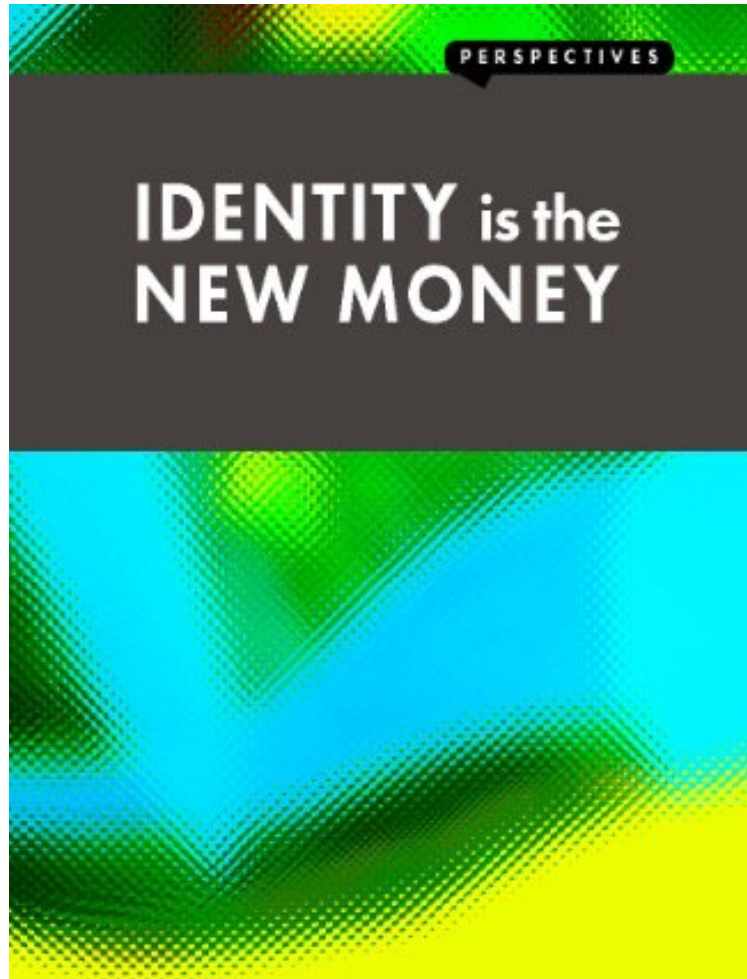


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Identity is the New Money (Perspectives)

David Birch

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David Birch : Identity is the New Money (Perspectives) before purchasing it in order to gage whether or not it would be worth my time, and all praised Identity is the New Money (Perspectives):

0 of 0 people found the following review helpful. Recommended!By Prabath SiriwardenaThe only reason I wanted to buy the book and read it was the name. I thought it was quite catchy, when I first found it via a reference in another book on identity. It paid off and at the end of the daymdash;it was a quite informative book on the subject.In the first chapter David (the author) explains what identity means. He is quite straightforward here and breaks onersquo;s identity into three: personal or psychological identity, social identity and the legal identity. In my view this a good

breakdown—but does not necessarily cover all the aspects of identity. He surely takes it lightly here to define it in a way sufficient enough to prove his argument. The social aspect of identity is much higher and interesting than its digital aspect. If you are interested in reading more about it, I would recommend you the book *Handbook of Identity Theory and Research* (2 volumes). One of the key aspects David presents through out the book is the evolution of the mobile technology and how the mobile phone (or the SIM card) has evolved to become an integral part of one's identity. Everyone we know, is now represented by a 10 digit number. We never call someone's home phone or an office phone and then ask for that person—but rather we call him/her on the mobile phone, and expect him or her to pick it up directly. We never introduce ourselves—we know exactly one who picks the phone and the caller is known by the caller id. The mobile phone, which is tied to one's identity—also could act as money. In its classic definition the money is a unit of account, a store of value and a medium of exchange. In the book the author focuses on the money as a generalized way of exchange between the buyer and the seller to enable business transactions. With the advent of mobile payment technologies (Apple Pay, Android Pay), digital wallets and virtual currencies like Bitcoin and Ethereum, the role of the fiat currencies have declined over the time. Because almost all the money is electronic, in the UK the coins and notes in circulation are a mere 4.5% of the complete money supply (by 2014). The author argues, with an effective identity infrastructure in place, there is no need for a single medium of exchange, no need for fiat currency. If one can establish trust between all the parties involved in a transaction, there is no need for cash. This is the basis for all the digital payments. Recently I bought two air line tickets for my parents via Cathay Pacific web site. I could verify its Cathay Pacific by verifying the secured web connection to the site—and then once I provided it my credit card details (where the credit card was issued by a Sri Lankan bank), the payment gateway challenged to redirect me to its own site. Then I had to confirm the transaction on the payment gateway site, by typing an OTP (on-time password) sent to my mobile phone, which is registered against my bank account. The bank implicitly ties my identity to my mobile phone. In the above transaction, and in almost all the credit card transactions, the buyer has to provide details, more than the required. Why should the Cathay Pacific know about my billing address, who pays for my tickets—and also my credit card number. By asking for these details and storing them locally makes these sites quite vulnerable and also quite costly to operate. You cannot ask or store credit cards details with out being PCI DSS compliant. This is where PayPal makes business. The author argues, what is needed to enable transactions is not identity per se but the associated entitlements. When you buy a beer—the seller only needs to know whether you are elder than 21 or not. They do not need to worry about your name, address or the date of birth. But, by using the driver's license to prove your age, you disclose your name, address, date of birth, driving license number and many more. This is where the pseudonyms come into play. With pseudonyms you do not disclose your full identity to third parties—but just a reference. In the same previous example, the seller can challenge you to prove that you are entitled to buy a beer—by sending some kind of a message to your mobile device. There you login to the DMV (Department of Motor Vehicles) app and then respond back to the seller's app with the entitlement, which would say you are old enough to buy a beer. Once the seller gets the response, he would see the entitlement in green with a photo of the buyer. What author supports here is not anonymity—but the pseudonymity. Pseudonyms make a transaction auditable. For example if you use your driving license to prove your age at different sellers, then once they get to gather can figure out your buying patterns by correlating via your driving license number. With pseudonyms, sellers cannot do that. But, if the government wants to know the buying patterns of a given person, with a court order, they can possibly challenge the DMV to release the real identity of the person related to a given pseudonym. The trust in any business transaction, based on one's identity is based on the issuer. The author highlights three emerging models for identity services: the Scandinavian, Continental, and Atlantic. In the Scandinavian model, one of the banks providing identities that are used by businesses and government; the Continental model is of government identities that are used by banks and businesses; and the Atlantic model is of banks and businesses providing identities that are used by each other and by the government. The later part of the book, the author presents a quick overview of the need for money and how it evolved over the past. There he argues that the cash is the least efficient transaction mechanism. The cost of producing it, storing it, distributing it, managing it, and counting it is vast. It gets lost and stolen. It further enables corruption and tax evasion. For example some of the restaurants we go to in San Jose and Mountain View (and of course in many other places), they give a 5% discount if paid in cash. Once a transaction is done in cash, there is no legitimate audits—and the restaurant owners can easily fool the tax system. By the way, this also reminds me some interesting comments by Bruce Schneier in his famous book *Data and Goliath*. He tries to use cash every where possible to avoid the traceability—and once complains that there is no way to buy food in a flight without a credit card. The author concludes finally with a strong argument, how the marriage of the digital money and the digital identity could result in a more secure, cost effective, and efficient infrastructure for business transaction. I would highly recommend this to anyone interested in the identity or digital money domains. The book in its 100 pages, covers lot of details on the subject with some notable case studies.

2 of 2 people found the following review helpful. Solid new material for those who follow the concept of digital identity and reputation systems

By Robert Banagale

If you have been following the evolution of Identity, this is a useful contribution to state-of-the-art thinking on this subject area. Important to this work is the emphasis on the

effective use of pseudonymity in the day-to-day use of authenticated identity. If I was to offer criticism, it would be that suggestions for how new identity systems could work bend over backward to incorporate the needs of past regulatory bodies. For example, suggesting that existing banks would serve as high-level authenticators of identity: "For pseudonyms to have a value, they need to be underwritten by trusted institutions." This would have done better to speculate on the evolution of what a trusted institution might mean in our progression toward decentralization. Specifically, could a well-trusted / reputed community member act as a new 'trusted institution' for a given static pseudonym? We haven't seen a lot of traction for startups building authenticated identities relying on banking access despite at least one serious attempt. By and large, this short work does a good job balancing possibilities for the future of identity with real-world, indicative case studies. I recommend combining this work with David Wohlman's "The End of Money" for a broader perspective in the concept of value.

0 of 0 people found the following review helpful. But enough colleagues in the industry recommended it to me that I finally broke down and ... By Drummond Reed I work in the digital identity industry and have a high regard for Dave's firm, Consult Hyperion. I've heard the analogy between identity and money a number of times and frankly was skeptical that I'd find any real new information in the book. But enough colleagues in the industry recommended it to me that I finally broke down and read it. And now I see why. Dave's knowledge of both money and identity is very deep, and there are a number of core insights here about how and why the two are connected that are well worth the time. I look forward to his next book.

This book argues that identity and money are both changing profoundly. Because of technological change the two trends are converging so that all that we need for transacting will be our identities captured in the unique record of our online social contacts. Social networks and mobile phones are the key technologies. They will enable the building of an identity infrastructure that can enhance both privacy and security; there is no trade-off. The long-term consequences of these changes are impossible to predict, partly because how they take shape will depend on how companies take advantage of business opportunities to deliver transaction services. But one prediction made here is that cash will soon be redundant; and a good thing too. In its place we will see a proliferation of new digital currencies.

"Dave Birch gives one of the best accounts available today on how we'll navigate the challenges of the emerging payments landscape, and how traditional data points on identity don't really make sense in a digital world. An outstanding piece of work which may well define our journey moving forward." Brett King, Founder and CEO of Moven.com. "Dave Birch's thoughts on digital identity were seminal to the UK's Identity Assurance Scheme. Anyone entering the field of digital identity should take this book with them." David Rennie, Identity Assurance Programme, Government Digital Service, Cabinet Office.

About the Author David G.W. Birch is an internationally-recognised thought leader in digital money and digital identity. In 2013 he was named one of WIRED magazine's global top 15 favourite sources of news from the world of business and finance and was ranked the no.1 influencer in European emerging payments by Total Payments magazine. He is a Director of Consult Hyperion, the technical and strategic consultancy that specialises in electronic transactions. Described at the Oxford Internet Institute as "one of Britain's most acute observers of the internet and social networks", in The Telegraph as "one of the world's leading experts on digital money", in The Independent as a "grade-A geek", by the Centre for the Study of Financial Innovation as "one of the most user-friendly of the UK's uber-techies" and in Financial World as "mad", Dave is well-known for his thought leadership blogging, podcasts and events for Consult Hyperion's Tomorrow's Transactions series.