



Canada Revenue
Agency

Agence du revenu
du Canada

Canada Revenue Agency – Verified.Me Overview

Public Sector Service Delivery Council (PSSDC) Meeting
September 2019

CRA Drivers

The Canada Revenue Agency (CRA) is constantly striving to modernize and streamline its service delivery to taxpayers while ensuring their information is secure.

Some of the current business processes can cause frustration for taxpayers as well as being costly to the Agency.

In an effort to simplify its current-state transactional processes, the CRA identified a potential vehicle to broker digital services between the user, the CRA and third-party stakeholders.



Blockchain Innovation in the CRA



The CRA conducted research and analysis to advance a proof of concept using blockchain technology to enhance service delivery to Canadians by:

- validating identity for users of our secure online portals
- exchanging information with third parties
- allowing clients to consent to share their personal information with digital asset consumers
- evaluating the service and ecosystem to determine its capability to improve client experience, realize operational efficiencies, and extend CRA's reach to new clients – while ensuring that privacy, security, and legal concerns have been addressed

Blockchain at the CRA – Using Verified.Me

The CRA tested a new blockchain-enabled service that allows users to share data attributes, including their digital identity, in a secure environment by obtaining verifiable information from:

- Financial institutions (FIs)
- Telecommunications companies (Telcos)
- Other participating institutions (e.g. Canadian provincial and territorial governments)

The CRA explored the potential of the Verified.Me solution via three business use cases.



Verified.Me – Use case overview

- CRA as Data Consumer
 - **My Account registration use case** – accept identity attributes of a client from external source (i.e. financial institution, telco, government)
 - **Direct Deposit update use case** – accept direct deposit information of primary/chosen account of client from authoritative source (i.e. financial institution for account info, BC for identity)
- CRA as Data Provider
 - **Proof of Income use case** – provide proof of income from CRA to authorized consuming entity (i.e. authorized Canadian financial institution)



Use Case 1 – CRA My Account Registration

When Canadians set up a digital account with the CRA they have to authenticate their ID using two factors:

Factor One: A series of shared secrets entered into an online application

Factor Two: A security code sent separately in the mail or by email

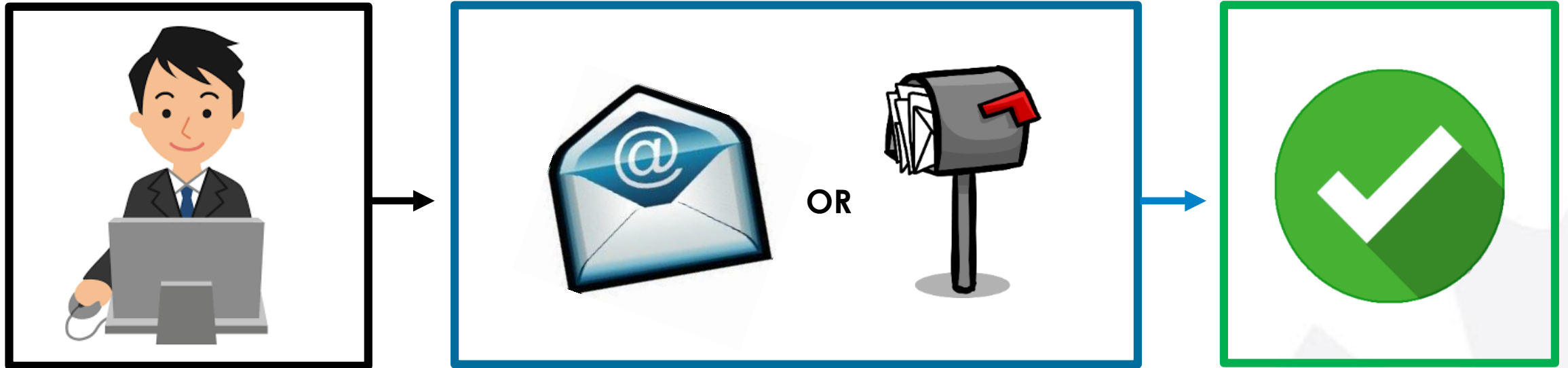


Anecdotal evidence suggests the second factor is an irritant to Canadians:

- The out-of-band security code letter can delay clients' access by as much as ten days if delivery method selected is by mail
- The issuance of security codes by email can only be done once the client calls the CRA. Call wait times in peak periods can be lengthy.

Use Case 1 – CRA My Account Registration

CURRENT



- Register CRA My Account
- Enter personal information
- Create User ID/password

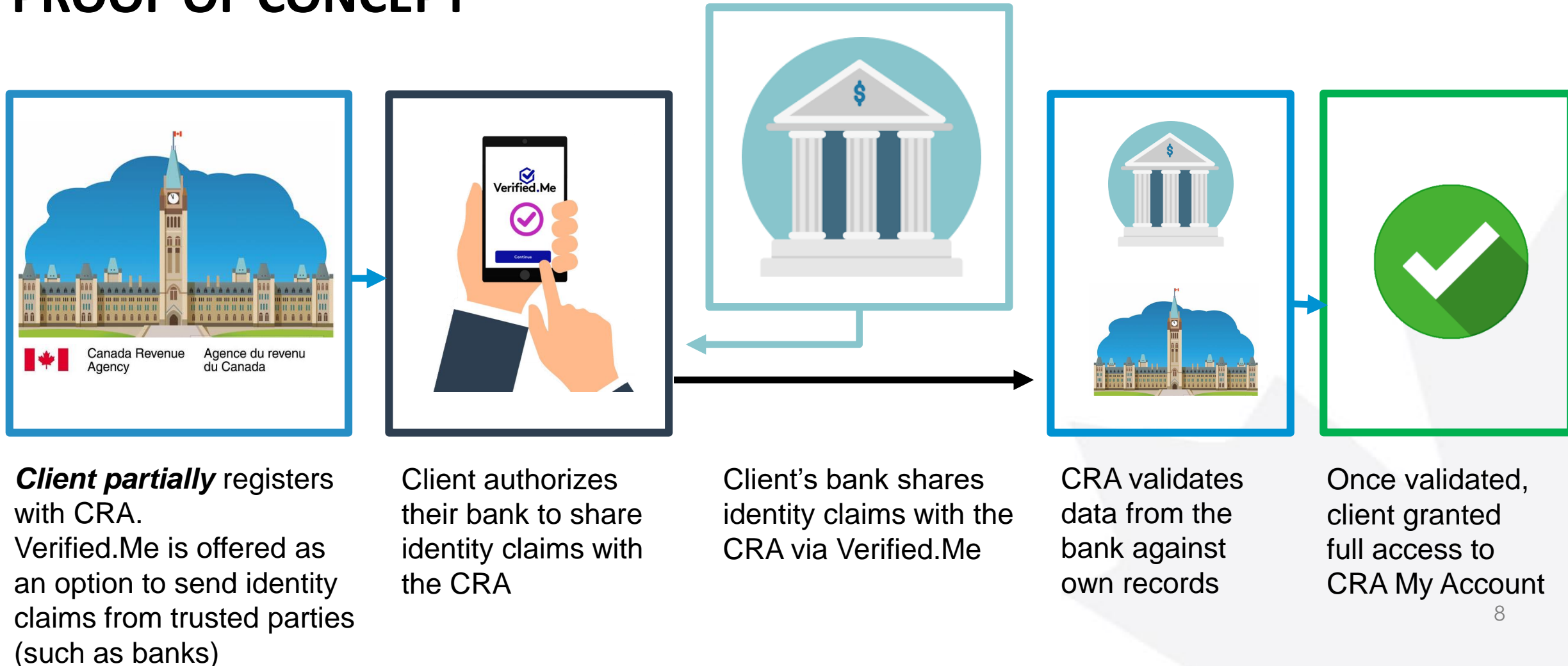
Security code delivered by:

- Email (immediately after a call to CRA)
- Mail (5-10 days)

Enter the security code to complete registration with CRA

Use Case 1 – CRA My Account Registration

PROOF OF CONCEPT



Use Case 2 – Updating Direct Deposit Information at CRA

The CRA prefers clients use direct deposit (DD), but is mindful of protecting them from fraud when DD information is updated.



The process to update DD information has its drawbacks including:

- Inconvenience and potential transcription errors by Canadians
- Many Canadians have yet to register for the secure online portals
- The CRA needs to have certainty that the bank account belongs to the identified individual

Use Case 2 – Updating Direct Deposit Information at CRA

CURRENT



Log in to CRA My Account to update direct deposit

OR

Call the CRA to update direct deposit

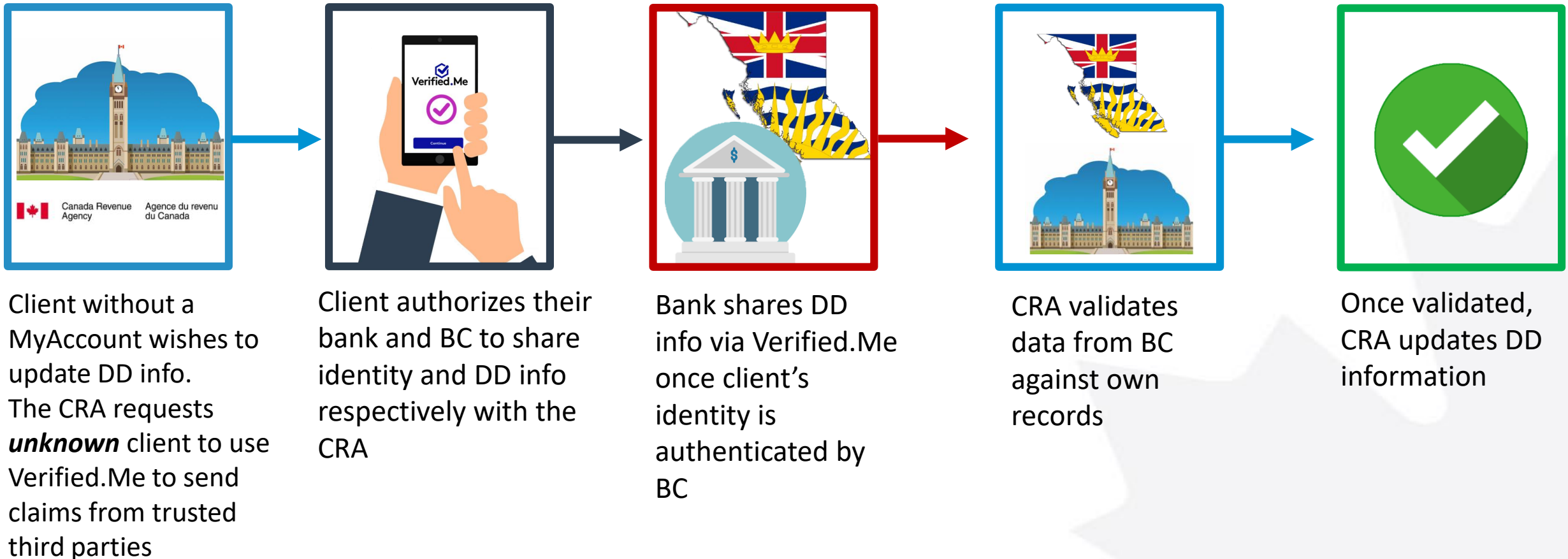
OR

Fill out and mail direct deposit form to the CRA

CRA updates direct deposit

Use Case 2 – Updating Direct Deposit Information at CRA

PROOF OF CONCEPT



Use Case 3 – Providing proof of income

Currently, Canadians may need to provide proof of income (POI) to a financial institution, or others when applying for loans, or for other reasons.

Canadians can view and print their POI statement through their CRA My Account or can request that a copy be mailed to them through their MyCRA mobile web app or by calling the CRA.

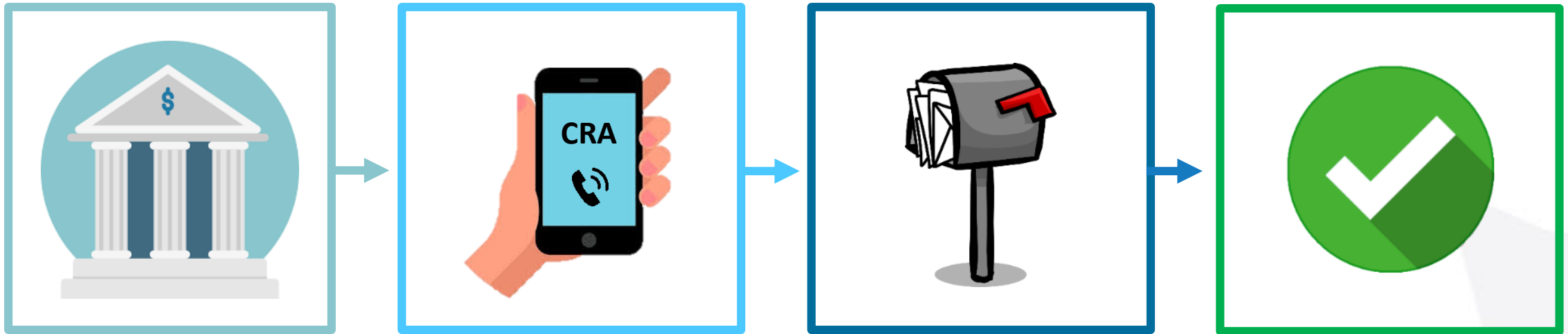


These options are not ideal as:

- Some financial institutions are reluctant to accept the POI directly from Canadians fearing the information may have been tampered with
- Some options have associated costs to CRA; such as paper, postage and telephone calls
- Canadians do not have immediate access to the information sought

Use Case 3 – Providing proof of income

CURRENT



Bank requests Proof of Income statement

Client calls the CRA or uses MyCRA to request Proof of Income statement

Client waits for the Proof of Income statement to be mailed

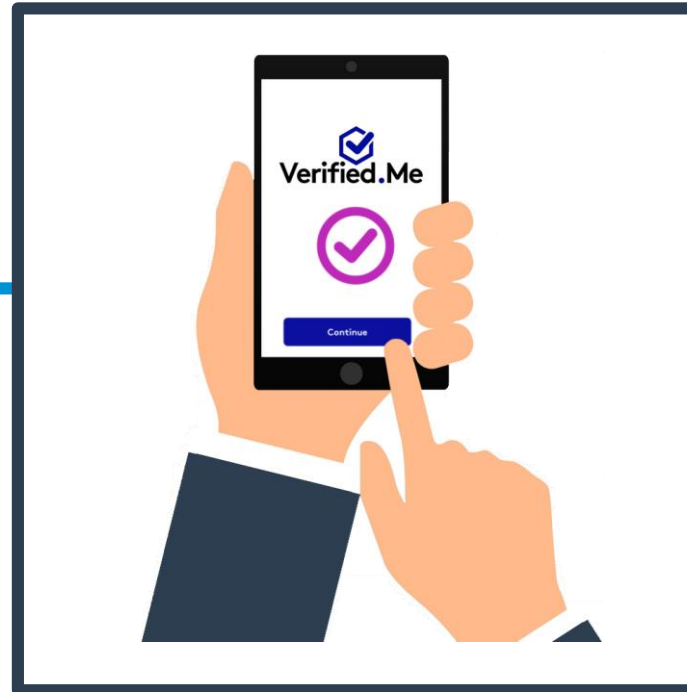
Client provides Proof of Income statement to their bank

Use Case 3 – Providing proof of income

PROOF OF CONCEPT



Online bank asks their client to use Verified.Me to share Proof of Income from the CRA



Client authorizes the CRA to share their Proof of Income with their bank

Known Client

- Client is fully registered for My Account



The CRA honours request from a **known client** to send the Proof of Income to a trusted third party

Findings

Verified.Me appears to offer a potentially unique capability to supplement CRA digital services

- Network (ecosystem) provides access to authoritative data sources
- Provides immediacy of service to new users of CRA's online services (onboarding)
- Offers a faster, and convenient alternative to current processes (mail, phone calls)
- Built-in informed user consent for information sharing
- Preliminary assessments of privacy, security and legal implications showed no apparent impediments



Next steps

Expand

- Launch a Verified.Me Pilot once technology has met legal/technical privacy requirements for the transmission of taxpayer data

Develop

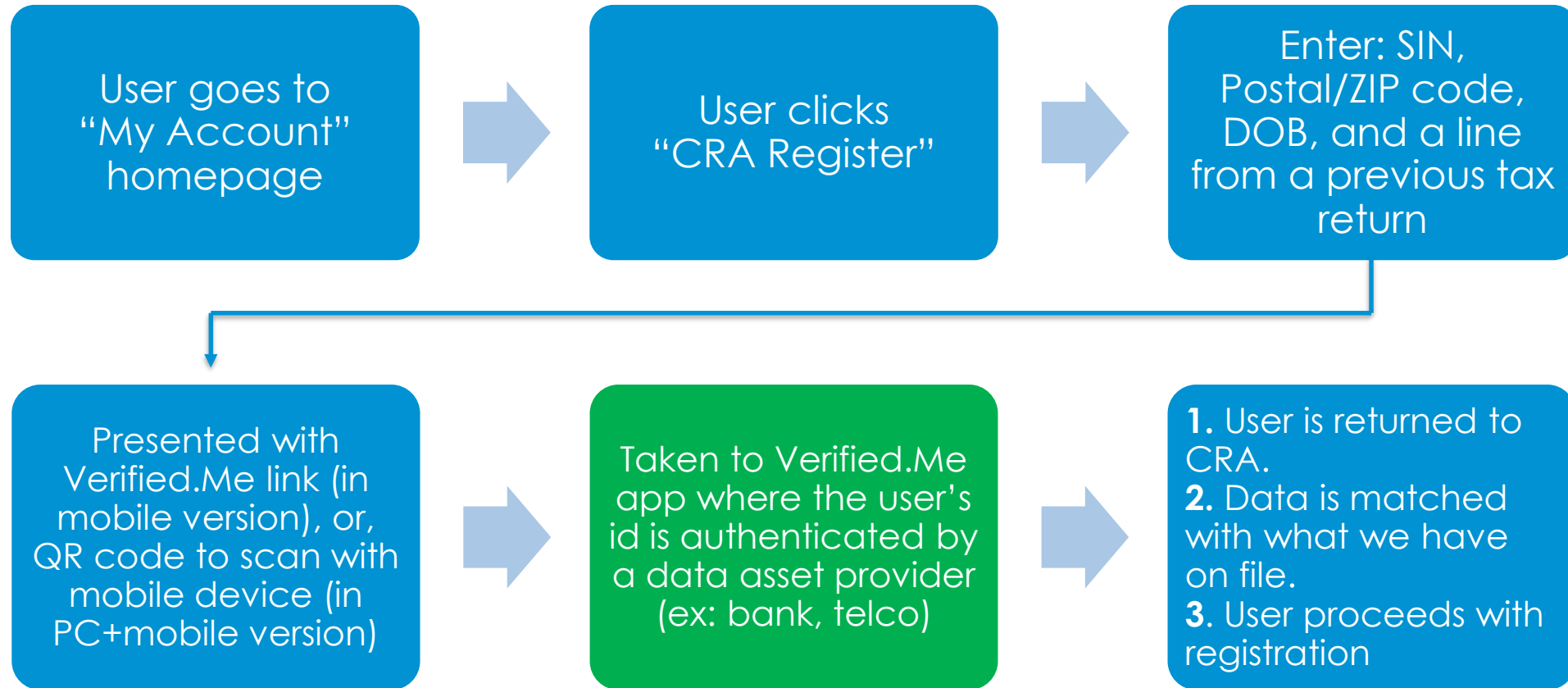
- Certification process for vendors in market place to provide data exchange products

Explore

- Research the possibility of procuring identity verification solutions as an alternative to CRA's current processes

Annex

Annex 1: CRA My Account Registration

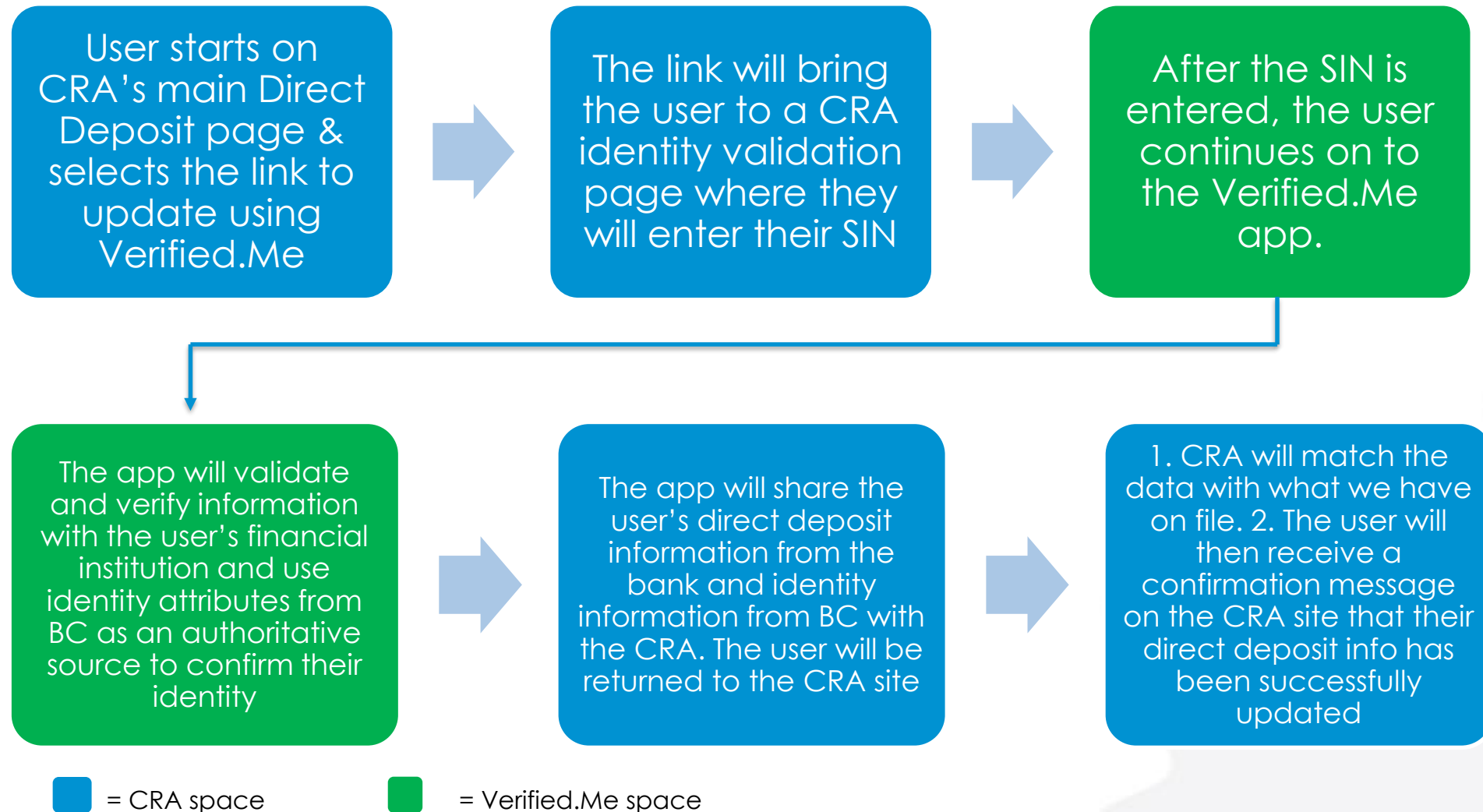


Once registration has been completed, the user will have full access to their CRA My Account, *without* having to request a CRA security code

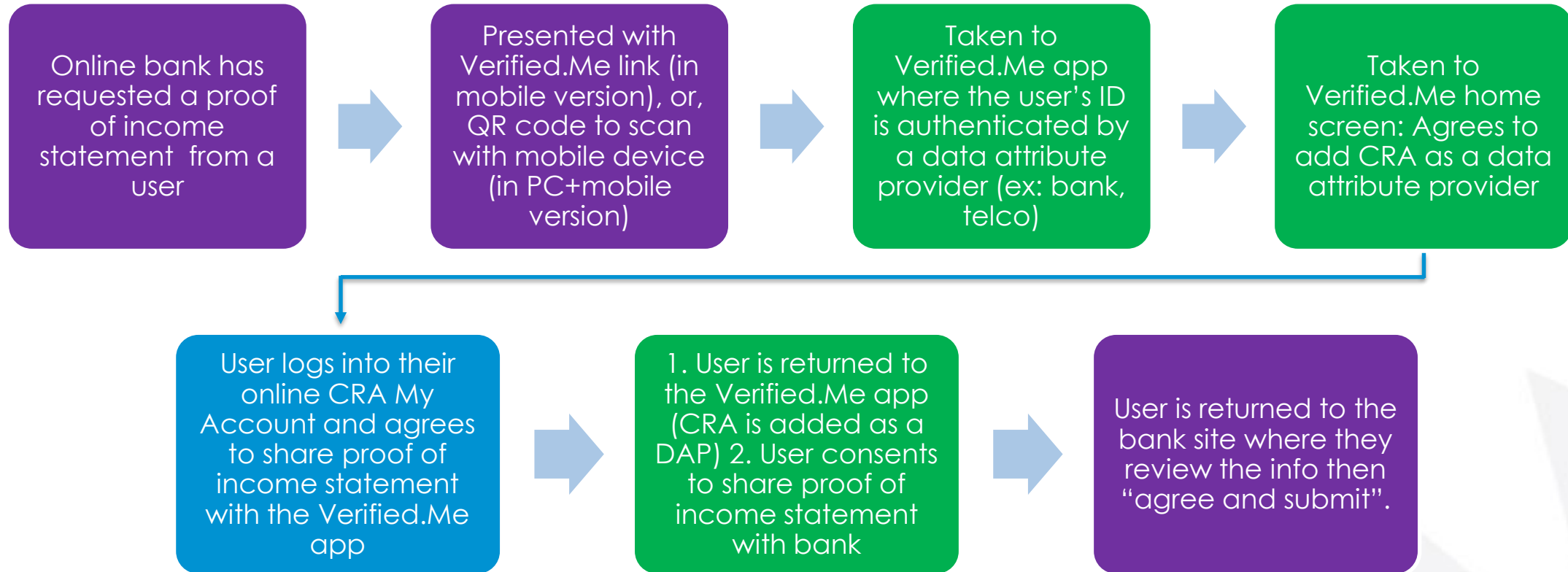
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Annex 2: Updating Direct Deposit Information at CRA



Annex 3: Providing proof of income



The application is complete.

 = Bank Space  = Verified.Me space  = CRA space

Questions?