



Real Estate Predictions 2021

Protecting your identity in
the digital world

Self-Sovereign Identity and Real Estate



Identity is the essence of every individual. It defines who we are and differentiates us from others. In our societies, governments register our identities and issue proof of them in the shape of passports and drivers licences. If we were not able to prove our identity, this would impact almost everything we do, from going to the doctor, opening a bank account or renting a car to buying real estate property.

Protecting (proof of) our identity is extremely important in our society. However, we all rely on our government institutions to do so, without having control over our identity ourselves. But if we are in a sense the subject of our identity, why shouldn't we be in charge? Particularly in the digital world, identity theft or misuse is a serious risk, and interactions and transactions in the digital world have a serious impact for us in the real world. Self-sovereign identity is all about control over our digital identity.

The concept of self-sovereign identity

Self-sovereign identity could be defined as a model for managing digital identities in which an individual or business has sole ownership over the ability to control their accounts and personal data. The ten principles of Christopher Allen¹ are widely adopted as the basis of the self-sovereign identity concept:

1. Existence. Users must have an independent existence.
2. Control. Users must control their identities.
3. Access. Users must have access to their own data.
4. Transparency. Systems and algorithms must be transparent.
5. Persistence. Identities must be long-lived.
6. Portability. Information and services about identity must be transportable.
7. Interoperability. Identities should be as widely usable as possible.

8. Consent. Users must agree to the use of their identity.
9. Minimalization. Disclosure of claims must be minimized.
10. Protection. The rights of users must be protected.

Relevance for the real estate industry

What are current challenges and concerns with respect to the use of digital identities in real estate transactions? First of all, interactions with individuals around real estate are often very complex and time-consuming, with a large amount of paperwork. These processes are designed the way they are because of trust issues between landlord and tenant, owner and bank or buyer and seller, due to potential conflicting interests between parties in a real estate transaction.

Example

For example, the buyer wants to make sure that the seller is indeed who he says he is, that he is indeed the owner of the real estate object and that he is entitled to sell the real estate object. Similarly, the seller wants to make sure that the buyer is indeed who he says he is, that he has the funds to buy the real estate object and that the funds come from a legitimate source. Today, these assessments require statements and proofs from governments, notaries or lawyers, land registries and banks. Issuing, collecting, sharing and verifying these proofs and statements, make these processes often inefficient for all parties involved.

Concern about personal data

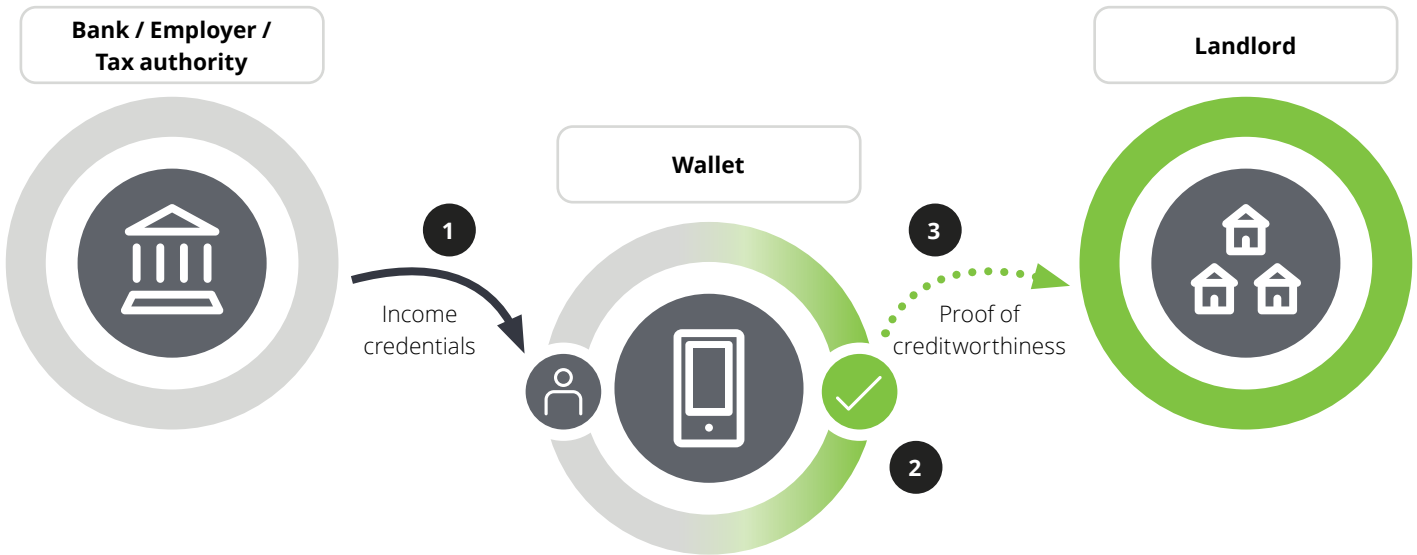
Secondly, individuals are increasingly concerned about their personal data. For instance, 58% of Dutch citizens is concerned about privacy in general and 88% wants more control over the data they provide to companies.² Also, organizations are increasingly concerned about all the personal data they process from their clients because of the reputational and regulatory risks involved.

How self-sovereign identity can solve these challenges

So how could self-sovereign identity solve these challenges and concerns? Let's take a look at the example of John who wants to rent a house. Before doing so, John needs to prove to the landlord (amongst others) that he is credit-worthy to pay the rent. Today, John would have to provide e.g. an income statement, bank account details, and tax statements. This means he would share more personal data than necessary, and the landlord would have to verify all the documents. However, if John used a self-sovereign identity solution, he could collect credentials about his income from his employer, his bank or the tax authorities in his digital wallet (or holder app) on his smartphone. He could review his credentials in his digital wallet and also perform an income check based on the criteria shared with him by the landlord. As a result, John would be able to share proof that he creditworthy.

1 <http://www.lifewithalacrity.com/2016/04/the-path-to-self-sovereign-identity.html>

2 <https://ddma.nl/download/81646/>



Self-sovereign identity as a game changer for the real estate industry

Will self-sovereign identity disrupt the way real estate transactions are being executed? We are without a doubt standing on the brink of a completely different way of personal data sharing, driven by inefficiencies and privacy compliance risks in today's processes. In fact, major steps were taken in the development of self-sovereign identity solutions in 2020.

An interesting example of its current application is the sharing of proof of a negative COVID-19 test or vaccination that Deloitte and others are working on.³ Experiments and pilots with self-sovereign identity solutions in real estate in 2020 have shown to be very promising. We therefore expect that self-sovereign identity solutions will be dominant in real estate transactions within two to three years.

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3 Deloitte is involved in different initiatives around self-sovereign identity, particularly in the real estate industry, e.g. with regard to solutions for rental, sale and mortgage processes. Deloitte is also involved in creating standards around a common self-sovereign identity infrastructure.



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