Shufti Pro

Need for online age verification to protect minors

White Paper

Table of Contents

Shufti Pro

Introduction

Children are frequent users of digital devices and the internet for social interactions, entertainment, and research. According to an estimate, one out of every three internet users globally is under the age of 18.[1] Technological developments and the internet have created many online opportunities for children in terms of learning, entertainment, information, communication, and participation. Many online activities are now essential for growth and development.

However, the internet also poses risks to the protection, safety and well being of the minors. Children may be highly adept at the online world but hardly have any understanding especially in terms of social norms, persuasion, exploitation, and self-protection. [2]

In physical scenarios, we live by a set of rules designed to protect under-age people from accessing the goods and services specifically designed for the adult population. In most of the countries, alcohol sales are restricted to the minimum age requirement of 18 and 21. Similarly, when buying cigarettes, tobacco, gaming DVDs, we are required to show some identity proof.

While all this works perfectly in onsite situations, verifying someone's identity in the digital world is difficult. Age-restricted sellers put age checks and mention legal age restrictions in their privacy and term of usage policies but all these measures don't ensure complete restrictive access to the websites.

This white paper will discuss the regulatory landscape for age restrictive online services and goods across different regions and their effectiveness. Additionally, we will have a sneak peek on the challenges, issues with the current need for online age verification solutions.

Need for online age verification

Online age verification is the act of verifying the age and identity of an individual buying specific age-restricted products online. Online merchants of age-restricted goods and services are both ethically and legally liable to restrict underage access of their products to save minors.

Additionally, age verification is necessary to avoid chargebacks that could be initiated by the parents in case of non-consensual access to their credit/debit cards by the children.[3]Although businesses online put stringent credit card verification rules in such cases most of the credit card verification methods may not work.

Although online sellers of age-restricted products and services require age verification from the buyers due to regulatory obligations. However, lack of proper knowledge, unclarity on regulatory compliance and other such issues still make online age verification a challenge and if no proper age verification checks are implemented it could lead to many risks including but not limited to negative brand reputation, regulatory compliance issues. Here we will discuss some of the issues regarding online verification.

Risks of not having age verification mechanisms

Media's attention to the issues related to social networks and the increased accessibility of content has caught the attention of lawmakers and they are devising laws to make age verification a compulsory requirement for e-commerce companies providing adult-related content, products, and services. However, the lack of awareness, and unclear regulations on age verification poses risks to the businesses. These risks include:

1. Negative Brand Reputation

Age verification is not only about protecting minors, but it is also about good business practices online. Online businesses have to recognize that they have the same responsibility of protecting minors online as the businesses that operate in the real world. The retailers and businesses can foster negative attention from advocacy groups and media for lacking proactive measures to protect children online and this could easily affect the brand reputation.

2. Lack of clarity on regulatory compliance

Regulatory compliance is one of the most complex issues e-commerce is facing today. Below par regulatory measures and a lack of due diligence program increases liability and decreases an organization's chance to establish an affirmative age verification defence mechanism.

Many might think that businesses themselves didn't adopt regulatory measures but this is not always the case as online businesses operate in different jurisdictions having different sets of age restriction rules, it is tricky and difficult to comply with every regulation. This lack of clarity leads to legal implications for the sellers of age-restricted services and goods.

3. Financial Risks and Obligations

In addition to legal implications and negative brand reputation, other risks include financial implications. It increases spending on marketing and legal costs as well as high penalty fines for not meeting the regulatory guidelines under the regulations in different jurisdictions. Regulations such as COPPA induce strict regulatory fines in case of violations.

Manual age verification slows processing and maximizes costs of doing business. Businesses lacking behind in adopting effective age verification solutions in the era of competitiveness risks their ability to sustain a successful and revenue-generating business.

To minimize the risks identified above, it is necessary to have an effective age verification system that protects the privacy of adults and minors without eliminating the adult choice or restricting the flow of age-restricted businesses.

Industries that requires age verification

Alcohol and Tobacco

Online Dating sites

Gambling and Lotteries

Online Gaming

Pharmaceuticals

Cannabis

Traditional online age verification checks

Attempts to perform age verification online are hampered by the fact that children generally didn't have the proper credentials to prove their age. Therefore methods of age verification usually fall into two categories: (i) Verifying that the user accessing the age-restricted services, goods, or content is of legal age. (ii) Placing parental control checks on the business website.

However, the second method is only good in some scenarios while the first method i.e. verifying the identity of a user is effective in almost all cases. So, we will discuss different methods commonly used to verify the age of a user.

Determining the user is an adult

1. Self Verification

The most common method used to verify the age of a user is the self-verification method. The website either asks a user to confirm their legal age through checkboxes or requires them to to enter their date of birth. If the user is under the legal age a website cookie session is injected that restricts the access to the products having age-restricted implications.

This kind of self-verification is used as a standard in the USA, where Children's Online Privacy Protection Act (COPPA) requires all the online businesses that need to collect personally identifiable information (PII) of children to get parental consent[4]. Sites that are not aimed at children and collect personal information may rely on the neutral age screen to ensure that users are adults. And, as noted in the **DG Infosoc report1**, self-verification is the technique favored by many adult websites and social networking sites in Europe.[5]

While self-verification checks are easy to implement they are easy to deceive as well. Denise Tayole, an authority leader in customer identity and consent access management frames her review on self-verification checks as

"Children quickly learned to lie about their age to access the interactive features of their favourite websites and buy products that they simply couldn't in the real world stores. As a result, databases become tainted with inaccurate information and chaos seems to be a king where COPPA is concerned."[6]

Currently self-verification is used at all social networking and e-commerce websites online.

2. Debit/Credit card verification

Some online stores consider credit/debit card verification as an online age verification check. However, this sort of verification is not intended to verify the age of a user. Minors may access their parents' credit cards to make purchases.

While the credit card verification checks approve the transaction as the chances are that it will be performed from the same IP and the same address. This leads to a legitimate chargeback claim which in turn leads to a loss to the business. Furthermore, the sites that offer age-restricted content for free such as gaming and adult dating sites didn't require a credit card verification.

3. Offline verification or verification on delivery

Many online businesses employ third party courier service providers to deliver the purchased items and often choose or entrust the courier service provider to verify the age of the user at the time of delivery. While this method is accurate for verification but entrusting the third-party services to verify the age is a risk. Additionally, since all the sites didn't imply stringent rules such as asking for offline ID, users might migrate to other competitors that didn't require this sort of verification.

Online age verification using ID documents and biometrics

As the focus on teenage consumption of age-restricted products and services increased online, the age verification regulations are also tightening and an effective age verification system is considered more important than ever before.

Protecting the online well being of the minors is a priority for regulatory authorities as well as for responsible businesses. Effective technology for online age verification is the only way to protect underage individuals when it comes to limiting access to certain content, products, and services.

Whether you are a company that sells alcohol, makes e-cigarettes or produces adult video games or content, it is your legal and moral responsibility to ensure that your products are not negatively affecting the minors online. But how do you ensure effective age verification online? This is the question that many age-restricted product selling businesses have on mind.

The rapidly evaluating technologies, however, can make it possible for online businesses to effectively verify the age of consumers. For instance, leveraging the cameras in mobile devices, online merchants of age-restricted goods could easily verify the age of a customer through ID verification.

The process for online identity verification is as simple as uploading the picture of government-issued identity cards and a selfie to verify that the identity document belongs to the same person performing the verification.

Due to sophisticated technology, this process becomes instant so that authentic buyers of legal age did not walk away due to the tiresome verification process. Retailers of age-restricted products should investigate online identity verification technology to quickly and easily ensure that their customers are authentic and protect their businesses from chargebacks and hefty fines.

How can Shufti Pro help?

Shufti Pro is an end to end identity verification solution provider that employs artificial intelligence technology to empower online businesses against fraudsters and helps them to achieve regulatory compliance.

Shufti Pro's age verification services incorporate a time and cost-effective age verification mechanism. By employing it's age verification solution, businesses can verify the identity and age of their customers within 15-60 seconds, which is the fastest time offered by any age verification solution provider.

With Shufti Pro's age verification businesses can also customize the system to collect only the data needed to verify the age such as name and date of birth. This reassures end users that they are protected.

Shufti Pro's age verification solution is designed keeping in view the needs and risks of age restricted goods sellers.

Gloabl coverage

Cost effective

Screening through govt. Issued ID cards

Face verification

Indepth screening beyond just age verification

Ongoing screening Seamless integration

Shufti Pro's facial verification technology ensures that the person holding the identity document is the person making a purchase. 3D liveness detection ensures that no fraudsters fool the system using any spoofing attacks.

As more and more businesses begin to realize the need for online age-verification, the demand for robust security measures to help protect minors online is increasing. With growing pressure from regulatory authorities and ethical responsibility, this is the time for the businesses to act else they could find themselves landed with a hefty fine and negative brand reputation.

If you're an age-restricted goods/services seller and having hard time aligning your regulatory obligations and customer needs, feel free to give us a call. Our experts will explain to you how we can help you.

Get your free trial now

Have questions? Contact us and learn how we can help you.

🌐 **www.shuftipro.com**   ✉ **sales@shuftipro.com**

References

- "One in Three: Internet Governance and Children's Rights." 5 Feb. 2016, https://www.researchgate.net/publication/292989247_One_in_Three_Internet_Governance_and_Children's_Rights.

- "The Case for a UNCRC General Comment on Children's ...." http://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/the-case-for-a-uncrc-general-comment-on-childrens-rights-and-digital-media.pdf.

- "Online Age Verification for Our Children" https://fpf.org/wp-content/uploads/2009/11/madrid-presentation-online-verification1.pdf

- "Children's Online Privacy Protection Rule: Final Rule Amendments" https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/childrens-online-privacy-protection-rule

- "Effective age verification techniques: Lessons to be learnt from the online gambling industry" https://www.oii.ox.ac.uk/archive/downloads/publications/Effective-Age-Verification-Techniques.pdf

- "Study on Interoperability at Local and Regional Level" https://ec.europa.eu/idabc/servlets/Doc53fa.pdf?id=28787