

June 11, 2020

To: Wyoming Legislative Select Committee on Blockchain, Financial Technology, and Digital Innovation Technology

From: Merchant Advisory Group (MAG)

Dear Committee Chairs and Members of the Select Committee:

Thank you for the opportunity for Merchant Advisory Group (MAG) to make public comments on Digital Identity.

Founded in 2008 by a small visionary group of merchants in the payments field, MAG is dedicated to driving positive change in payments through multi-stakeholder collaboration. MAG represents 160 of the largest U.S. merchants, which account for over \$4.4 Trillion in annual sales at merchant locations across the U.S. and online. Roughly \$3.9 Trillion of those sales and over 113 Billion card payments are electronic, and MAG members employ over 14 million associates.

John Drechny (CEO of MAG) and Kathy Hanna (Chair of MAG Board, Head of Payments, The Kroger Co.) would like to participate in public testimony at your committee meeting examining Digital Identity on June 12, 2020, together with mSHIFT's representatives. Regretfully Jamie Henry (Chair of MAG Innovation Committee and MAG Board Member, VP of Emerging Payments of Walmart) is unable to participate on Friday, June 12; however he is interested in working with the committee on your future efforts on Digital Identity.

Our society in general, and the payments industry in particular, needs a free, universal, secure and open solution that establishes a universal digital identity solution. Today, this critical tool is still missing. A consumer is forced to manage dozens of passwords for different merchants and entities which are subject to data breach. Knowing your customer (KYC), anti-money laundering (AML) requirements and related legal obligations are costly for business activities.

Identity is the sort of problem that benefits from one universally recognized solution. It should be a public benefit infrastructure but not controlled by government. MAG merchants would like to work with your committee to create a legal framework for a universal digital identity solution. For MAG merchants to adopt such a solution across the US, the solution must fit in the existing federal and state laws and regulations with which MAG merchants currently have to comply in their normal business course. Here are some features we have in mind for a universal identity solution.

1) Identity Certification

Private entities which currently process personal information during their normal course of business, have expertise in existing KYC, AML and other regulation and are already required to protect personal information, can serve as identity certifiers. These entities include banks, credit unions, universities, insurance companies, airlines, pharmacies, utility companies, retail merchants issuing private card programs and others. The ownership of the personal information required for the certification remains the same as today. However, the users can change their identity certifiers. To this extent, the identity is portable in a similar manner as cell phone numbers.

2) Privacy

Identity certifiers verify human or business identity based on government ID documentations and issue to users their Master Avatar and Sub-Avatars for use on the Blockchain and Internet through their Apps. Avatars will ensure that identity is anonymous and controlled by the individual or business to which they belong. Privacy of the individual is maintained.

3) Universal Identity

Once the identity is created, it can be used in all participating entities. For example, the same ID can be used to login to multiple merchants and bank accounts.

4) Unbundling identity

Users are able to share selected attributes of their identity online or offline as needed. For example, users are able to prove their age of over 21 without disclosing other identity information.

5) Free of Charge

Users, such as individuals, businesses and government entities, can use the identity infrastructure free of charge. The blockchain network providing the identity services will cover all necessary costs.

6) Transaction Data

Transaction data belongs to entities which process the transactions as of today. For example, merchants own the purchase data as they own it today.

We appreciate the Wyoming legislature's pioneering efforts in exploring the frontier of the blockchain and cryptocurrencies and look forward to ongoing dialogue.