



WHITE PAPER

The Importance of **Online Age Verification** for Protecting Minors



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Introduction

Children frequently use digital devices and the internet for social connections, entertainment, and research in today's technologically advanced world. Online learning, entertainment, information, communication, and involvement opportunities for kids are abundant thanks to advancements in technology and the convenience of the internet. A lot of modern internet activities, such as giving elementary school children homework in the form of an online interactive educational activity, are essential for growth and development. Nevertheless, there are threats to children's wellness, safety, and protection on the internet. Children may be quite skilled at using the internet, but rarely do they understand it, particularly in terms of the workings of social conventions, influence, exploitation, and self-protection.

In the physical world, we adhere to a set of rules intended to prevent minors from using products and services intended for adults only. In most countries, alcohol sales are only permitted to those who are at least 18 or 21 years old. We must similarly present identification when purchasing DVDs, games, tobacco, or cigarettes. While these examples mentioned work well in on-site settings, it can be challenging to confirm someone's identity online. Age-restricted sellers conduct age checks and make legal age restrictions clear in their privacy and terms of usage policies, but even with all these precautions, access to the websites may not be completely prohibited.

In this white paper, we will discuss the legal climate for age-restrictive online services and goods as well as the effectiveness across different countries. Furthermore, you will learn about the challenges and issues surrounding the current demand for solutions for verifying someone's age online.

Authorizing Age for a Safer Internet

A person's identity and age must be verified when they make an online purchase of a specific product that has an age restriction. Online retailers who sell age-restricted goods and services have a legal and ethical duty to keep children away from their merchandise. It's necessary to avoid chargebacks that the parents might make if their kids use their credit or debit cards without their consent. Online businesses may have strict credit card verification policies in place, but many of these policies may not be effective.

Due to legal requirements, online vendors who sell services and goods with an age restriction ask their customers to verify their age. Verifying an age remains difficult, however, due to a lack of proper knowledge, confusion about regulatory compliance, and other similar problems. If proper age verification checks are not implemented, there are numerous risks, including but not limited to a damaged brand reputation and problems with regulatory compliance. Here, we'll talk about a few concerns with online verification.

The Consequences of Lacking Age Confirmation Procedures

Lawmakers are developing laws that will make verifying an age a requirement for eCommerce businesses selling adult-related content, products, and services as a result of media attention to issues surrounding social networks and the growing accessibility of content. Businesses are, however, at risk due to a lack of understanding and ambiguous requirements regarding verifying age. These risks include:

01. Poor Brand Image

Verifying a person's age is important for online business ethics as well as protecting minors. Businesses operating online must understand that they share the same obligation to safeguard minors as companies with physical locations. Businesses and retailers who fail to take proactive steps to protect minors online may receive unfavorable attention from advocacy groups and the media, which might harm the brand's reputation.

02. Uncertainty Regarding Regulatory Compliance

One of the most challenging problems eCommerce is currently dealing with is regulatory compliance. A company's liability increases and its chances of establishing an affirmative age verification defense mechanism are reduced by poor regulatory measures and a lack of a due diligence program.

As online businesses operate in numerous jurisdictions with various age restriction laws, it is not always the case that businesses themselves did not employ regulatory procedures. It is challenging to follow every regulation. The sellers of services and products with age restrictions may face legal repercussions as a result of this ambiguity.

03. Financial Responsibilities and Risks

Other concerns include financial ramifications in addition to legal repercussions and a bad brand reputation. It results in higher marketing and legal expenses as well as steep fines for breaking regulatory requirements under the laws of various jurisdictions. When laws like the Children's Online Privacy Protection Act (COPPA) are violated, there are hefty fines.

Manually verifying an age slows down operations and raises transaction costs. Businesses who embrace an efficient age verification solution later than their competitors risk losing the capacity to operate a profitable and successful business in today's competitive market. It is essential to have an efficient age verification system that safeguards minors' and adults' privacy without restricting the flow of businesses that provide age-restricted products and services.

Industries That Need to Verify Age

- » Alcohol and tobacco
- » Cannabis
- » Gambling and lotteries
- » Online Dating sites
- » Online gaming
- » Pharmaceutical

Standard Online Age Verification Procedures

Minors typically lack the documentation needed to confirm their age, which makes it difficult to verify an individual's age online. Therefore, age verification techniques typically fall into two groups:

- A.** Confirming the user's legal age before granting access to age-restricted services, products, or content
- B.** Adding controls for parental guidance to the company website

The first approach—verifying the identity of a user—is effective almost always, whereas the second method is only useful in a few circumstances. We will therefore go over various techniques that are frequently used to confirm a user's age.

Identifying the User as an Adult

01. Self-Verification

The self-verification method is the most common way of verifying a user's age. The website either requests a user's date of birth or asks them to check boxes to verify their legal age. A website session cookie that prevents access to the products with age-restricted consequences is inserted if the user is under the legal age.

The Children's Online Privacy Protection Act (COPPA) mandates that any online businesses that need to gather children's personally identifiable information (PII) obtain their parents' permission before doing so. The neutral age screen is a common method used by websites that collect personal information from users and are not intended for children to confirm that they are adults.

Self-verification checks are simple to set up, but they can also be easily deceived. Self-validation checks have raised concerns, mostly because young people can pretend to be older in order to enjoy interactive elements of their favorite websites and make purchases they wouldn't be able to do in physical stores. As a result, databases are contaminated with inaccurate data, which creates confusion. Self-verification is currently applied across all social networking and eCommerce platforms.

02. Verification of Debit/Credit Cards

Certain online retailers view credit/debit card validation as an online age check. However, this type of verification is not meant to verify a user's age. The credit cards of their parents may be used by minors to make transactions. Given the likelihood that it will be carried out from the same IP address and same address, the credit card verification checks approve the transaction. This results in a chargeback claim, which causes the business to suffer a loss. Additionally, websites that provide free access to age-restricted content, such gaming and adult dating services, do not need credit card verification.

03. Offline Verification or Delivery Verification

Many online retailers utilize third-party courier service providers to deliver the ordered items, and they frequently select or rely on the courier service provider to confirm the user's age at the time of delivery. Even though this method is accurate for verification, there is a risk when entrusting the third-party services to verify the age. Users might go to other competitors that didn't demand this kind of verification as none of the sites implied certain guidelines, such as asking for offline ID.

Authorize an Age Online Using ID Documents and Biometrics

The emphasis on teen use of age-restricted services and products online has grown, and so have the laws requiring the verification of age. More than ever, a reliable system for age verification is considered essential. Regulatory authorities and responsible businesses place a high focus on safeguarding kids' internet safety. The only method to prevent underage individuals from gaining access to particular content, products, and services is by using technology that is effective for online age verification.

Whether your company sells alcohol, develops e-cigarettes, or produces adult video games or content, it is your moral and legal responsibility to make sure that your products are not causing a negative impact on minors online. However, how can you ensure that the process of verifying an age that is used online is accurate? Many companies that sell products with age restrictions have this question on their minds. The age of customers can, however, be accurately determined by online businesses thanks to technologies rapidly evolving. For instance, by utilizing cameras in mobile devices, online vendors of age-restricted products can instantly verify a customer's age through ID verification.

A government-issued ID card and a selfie can be uploaded as part of the online identity verification procedure to confirm that the person doing the verification is the owner of the identity document. Modern technology has made this process fast so that customers who are of legal age won't leave because of the time-consuming verification process. Retailers of age-restricted products can research and find the right online identity management system to promptly and easily check that their customers are real and safeguard their businesses from chargebacks and heavy fines.

FTx Identity: How Can It Help?

FTx Identity's age verification technology (AVT) solution was created taking into consideration the needs and risks of sellers of age-restricted items. FTx Identity offers an end-to-end solution for verifying identities to protect online businesses from fraudsters and assist them in achieving regulatory compliance. Using FTx Identity, businesses can quickly and securely confirm the identities and ages of their customers while maintaining their privacy and reducing business risks. The services provided by FTx Identity include a quick and affordable age verification mechanism. Businesses can tailor the age verification system so that it only collects the information required to verify the age, like a person's name and birthdate. This provides end-users peace of mind that their privacy is safeguarded.

The following benefits are offered by FTx Identity:

- » Cost-effective
- » Continuous examination and streamlined integration
- » Screening through government-issued forms of identification
- » Thorough examination that goes beyond verifying age
- » Worldwide coverage (various ID documents from over 180 countries are fully supported by FTx Identity)

FTx Identity collaborates with the following areas:

- » Retail and eCommerce
- » Grocery
- » Tobacco
- » Liquor
- » Bars & Clubs
- » CBD
- » Cannabis
- » Convenience Stores
- » Tattoo/Piercing Shops
- » Gaming & Lottery
- » Gym
- » Banking
- » Fintech
- » Healthcare
- » Insurance
- » Crypto

The facial verification technology of FTx Identity makes sure the individual making the purchase is the one holding the identity document. Liveness detection makes sure that no spoofing attempts are used by fraudsters to trick the system. The demand for strong security measures to assist protect minors online is rising as more companies become aware of the necessity for online age verification. Now is the time for businesses to take action due to mounting pressure from regulatory authorities and ethical obligation. Otherwise, they risk receiving a big fine and a poor reputation for their brand.

Worry-Free Selling of Age-Restricted Items

You only need to authenticate a customer's identification once using FTx Identity's AI-based, multi-stage verification process. Its facial recognition technology allows for the extraction and verification of a customer's age by searching their encrypted profile and comparing their selfie photo to the photo on their ID. Then, the personal information from the ID will be automatically taken in order to do a public records search to confirm the customer's identity and age. To get rid of any fakes, FTx Identity's liveness detection feature also has the ability to block masks, avatars, and other advanced spoofing techniques. In order to reduce fraud and prevent any minors from buying age-restricted products, FTx Identity also integrates with your existing point of sale. Another huge feature of FTx Identity is that you have the ability to build age-restricted solutions for your eCommerce site with ease, enabling a unified login system with the SDK using extremely low coding and effort, providing your customers a fast and simple checkout experience.

A Simple, Secure Shopping Experience for Customers

Businesses can offer customers a hands-free experience with FTx Identity thanks to a self-registration and online ID verification process that can be completed on a customer's mobile device or the web and will verify their identity and age without needing them to provide a physical ID. Customers can utilize facial recognition technology or a short-lived QR code containing their date of birth and ID expiration date to prove their age without disclosing any personal information.

Customers can rest easy knowing that their data is secure when using the FTx Identity platform. It maintains the security and confidentiality of a customer's data by preserving it in a cloud-based, secured digital vault. The information is kept in encrypted form so that only the end-user may access their own profile. Customers have the option to share or not share their personal information with the businesses they select, and this information is never disclosed to third parties without their approval.

How Does FTx Identity Operate?

By removing the need for manual ID verification, you can lower the chance of fraud and human error.

A. Business Registration

For assistance in integrating your program, get in touch with us to register and receive immediate access to the FTx Identity SDK, credentials, and developer guide.

B. Customer Self-Registration

Customers can go online or download the FTx Identity mobile app (iOS or Android) to register by uploading a selfie and a photo of a government-issued ID.

C. ID Verification and Authenticity Check

FTx Identity will use a multi-stage, AI-based verification process to verify and confirm the information on the customer's ID and the authenticity of it.

D. Age Verification without an ID

At compliant business locations or websites, customers can use their mobile device to verify their age and purchase age-restricted goods.

Many companies, especially those that offer products with age restrictions, have made the fight against fraud and fake IDs a primary focus. It is essential for them to uphold customer safety while continuing to adhere to regulatory ID requirements. By incorporating FTx Identity into your business, you will benefit from the quick and simple process of verifying an age that does away with the risky and time-consuming manual ID verification process. Overall, your business will prosper, and your customers will feel secure knowing that you're committed to giving them a great experience while putting the best security measures in place.

Give us a call to arrange a consultation and a demo if you are an age-restricted goods/services seller and are having trouble between your legal requirements and customer needs. Our experts will be able to help you with any questions you may have.



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