



**Market Trusted**  
Identity Verification  
& Electronic Signing

## Version 1.0

Nivo is the only trusted service for Identity Verification (ID&V) & Electronic Signing across certain regulated financial services markets where obtaining a wet signature was the traditional alternative.

Offering your customers biometric ID&V and electronic signing will improve speed, security and advocacy.

This document outlines the key legal and compliance considerations to support requisite governance approvals.

*The contents of this document are intended to inform 3rd party due diligence activities and demonstrate the steps which have been taken to ensure compliance with regulations, guidelines and legal requirements. They should not be relied upon. No liability is accepted by Nivo Solutions Limited for any loss out of any reliance on the information or advice contained within this letter.*

# Summary

Nivo is the only instant messaging network that is safe enough for banks to trust. This is enabled through a unique combination of security controls: encryption, authentication, identity verification, and an immutable audit trail. These controls combine to provide confidence that all data, contracts, and messages exchanged through the Nivo network can only have been sent, received and signed by a specific, identified individual.

At a high level, with Nivo you can be confident that the person you are engaging with is who they claim to be.

Financial services brands use Nivo to offer their customers a complete secure sign up and servicing experience, through the course of a mobile messaging conversation, and realise step change improvements across conversion, speed, efficiency and satisfaction.

Within the range of features available through Nivo, biometric identity verification and electronic signing contribute significantly to these improvements.

These services in particular have been the subject of due diligence undertaken by a range of regulated financial services providers. This has included review by internal legal and compliance departments as well as leading legal firms including Addleshaw Goddard, Eversheds Sutherland and Shoosmiths.

The outcome of each of these reviews has been approval of Nivo's services. The summary conclusion is that a Nivo electronic signature is capable of providing a valid and enforceable method of execution for signatures in the loan application process. At a high level, the rationale runs:

1. Electronic signatures can be used to validly execute contracts and deeds.<sup>1</sup>
2. Using a combination of security, authentication and identity verification controls in the process of obtaining an e-signature will create a situation where the courts will be satisfied that this information is so specific to an individual that this individual were the individual signing.<sup>2</sup>
3. The security, authentication and identity verification services used in the process of obtaining an electronic signature through Nivo would satisfy the above. A Nivo electronic signature, where these services are used, would be categorised as an **Advanced Electronic Signature** under relevant EU regulations.<sup>3</sup>
4. Nivo's identity verification service meets key regulatory and compliance standards such as those set by the Anti Money Laundering and Joint Money Laundering Steering Group.<sup>4</sup>
5. Nivo's detailed, immutable audit trail of both the customer and organisation side of all stages of interaction provides a strong source of evidence to prove that necessary controls have been used and that the signatory's mark as an electronic signature was

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<sup>1</sup> Eversheds Sutherland, legal advice during assessment of Nivo on the Validity and Enforcement of e-signature documents, September 2018

<sup>2</sup> Eversheds Sutherland, legal advice during assessment of Nivo on the Validity and Enforcement of e-signature documents, September 2018

<sup>3</sup> Addleshaw Goddard Advice on electronic signatures for Nivo, May 2018

<sup>4</sup> Addleshaw Goddard Advice on Compliance with anti-money laundering requirements, April 2018

applied with the purpose of authenticating and executing the document. This audit trail records identity verification and approval, through to agreement sending and signing.

This document outlines more information on how the Nivo process works and excerpts from the supporting legal advice.

### **E-signatures for use in contracts:**

Eversheds Sutherland has advised that electronic signatures are a valid means of executing agreements in the UK, including those which are required to be in writing or signed under hand.<sup>5</sup> The EU eIDAS Regulations specifically confirms that electronic signatures are admissible as evidence in legal proceedings and a signature cannot be denied legal effect solely on the basis that it is in an electronic form.<sup>5</sup>

The advice continues that an electronic signature would satisfy the legislative requirements for the signature of contracts and deeds, noting in support of this: provisions of the eIDAS Regulation as above, case law, market practice and a leading counsel's view on Joint Working Party Guidance, as well as an August 2018 endorsement by the Law Commission cementing the view that an electronic signature is capable of meeting the statutory requirements for a signature.

It should be noted that, at the time of writing, Nivo Solutions Limited understand that contracts for the sale or other disposition of an interest in land as required by Land Registry remain subject to more formal requirements which are required to be evidenced in writing. Electronic signatures for mortgages is an area of active trials with Land Registry and as such this may change this in the near future.

On Direct Debit Instructions, the Service User's Guide and Rules to the Direct Debit Scheme v. 5.2 was updated in 2018 to include in section 3b that "an AUDDIS service user may accept a DDI from the payer without the payer's original signature".<sup>6</sup>

### **Enforcement**

If a party seeks to challenge the validity of an electronic signature, the position is the same as for challenging the validity of a handwritten signature: the onus is on that party to prove that the signature in question is invalid.

As such, to minimise the risk, it is important to ensure that the electronic signing solution utilises strong security controls in order to reduce the risk of fraud, and to be able to evidence the validity of the signature should this be challenged. The specific controls recommended include:

- Verifying the identity of the applicant with a high degree of certainty;
- Ensuring appropriate applicant authentication has taken place;

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<sup>5</sup> Eversheds Sutherland, legal advice during assessment of Nivo on the Validity and Enforcement of e-signature documents, September 2018

<sup>6</sup> This is based on Nivo Solutions Limited's interpretation of <https://www.bacs.co.uk/sugr/pages/summaryofchanges.aspx> and applies to AUDDIS service users. Direct Debit e-signing has not been the subject of formal legal advice commissioned by Nivo to date.

- Minimising the risk that a device can be left unsecured or accessed by someone other than the signatory;
- Producing a detailed time-stamped history of sending and signing activities;
- Limiting the risk of third party interference, subsequent amendment or revocation.

The advice runs that where these controls are used, the risk is arguably no greater than through any other way of concluding a contract. <sup>7</sup>

## **How Nivo ensures that these controls are in place:**

### **An overview of Nivo:**

Nivo is a communications platform which allows customers and organisations to have secure two-way messaging conversations. A simple way of understanding Nivo is that it is similar to WhatsApp, but specifically built for conversations with regulated service providers and as such, designed to cater for the specific information security and data protection requirements demanded by this industry.

Within Nivo, organisations can take customers through a range of customer service and sign up activities, including the collection of customer information, identity verification and electronic signing, all within a secure instant messaging conversation.

At a high level, with Nivo you can be confident that the person you are engaging with is who they claim to be.

### **Identity verification:**

Nivo uses Onfido identity verification which includes a range of advanced biometric and fraud reduction technologies.

Addleshaw Goddard completed a review of Nivo's identity verification services and summarised that they would be sufficient to meet Joint Money Laundering Steering Group minimum standards. Within this review, the strength of the Onfido checks used to confirm the applicant is who they claim to be were highlighted as providing necessary additional confidence which more simplistic electronic services did not provide:

*There are good arguments that, by taking photographic evidence of original and official photo identification documents such as a passport, scanning these documents using reliable technology that incorporates robust fraud detection checks using intelligent machine learning and then comparing against biometric data that is provided "live" by the customer using the video function on their mobile device, this will be sufficient to meet JMLSG minimum standards.<sup>8</sup>*

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<sup>7</sup> Eversheds Sutherland, legal advice during assessment of Nivo on the Validity and Enforcement of e-signature documents, September 2018

<sup>8</sup> Addleshaw Goddard Advice on Compliance with anti-money laundering requirements, April 2018

## Authentication, and the connection between authentication and identity verification:

The way Nivo combines identity verification and authentication within the same service enable the mitigation of impersonation risk as referenced in JMLSG paragraph 5.3.89 re. customer due diligence. This section of the JMLSG was noted in the Addleshaw Goddard report as being “particularly relevant to the Nivo product”.

The guidance is that: where an identity is verified electronically, a firm should apply an additional verification check such as requesting the applicant to confirm a secret code or PIN that links him/her incontrovertibly to the claimed electronic/digital identity, and that such codes, PINs or other secret data may be supplied to a verified mobile phone.

Nivo provides strong controls here, as outlined below:

- All activities on the customer side of conversations and transactions through Nivo take place behind a bank standard secured mobile app. Access to the app is controlled by bank standard authentication such that all data sent and received through the service, where an identity is marked as verified, can only be done by someone on a particular mobile handset, on a specific mobile app install, in control of a 5-digit PIN, and having proven control of a known mobile phone number.
- For identity verification, this means that once a check has been successfully completed from behind these authentication controls by a particular individual, an organisation can be confident that the only person who can access the mobile app in future with an approved identity verification status is that same individual.
- For electronic signatures, this means that as long as the interaction takes place within the same Nivo service as the identity verification, then an organisation can be confident that the only person who can discuss the loan agreement, receive an agreement, and sign the agreement is the same person as the one who has proven legitimate ownership of a specific verified identity.
- Nivo also has several built in controls to ensure that the integrity across the above factors is maintained and managed. For example, if a factor is comprised - e.g. a customer resets the PIN used to access the mobile app, then the organisation is alerted and the customer's identity verification status is adjusted down for all subsequent interactions. If this occurs, then the organisation can take a suitable action to reverify the identity of the individual accessing the secure service, and mark their identity status back up to be trusted again for future interactions.

## Audit trail:

Nivo's audit trail enables an organisation to be able to prove that the necessary controls outlined in the **Enforcement** section of this document (page 3) were in place.

The Nivo system stores an immutable, timestamped, audit trail of both the customer and organisation side of all stages of interactions completed within the system, from messaging conversations, through identity verification and approval, to agreement sending and signing.

Access to the Nivo system, on both the customer and organisation sides of all interactions, is secured behind strong authentication credentials. All data transferred (e.g. messages, documents sent/received, identity verification checks, e-signatures etc.) is stored and timestamped. If an agent reviews an identity check, this is recorded, and the action of approving that an identity is verified is captured with the agent's name and timestamp.

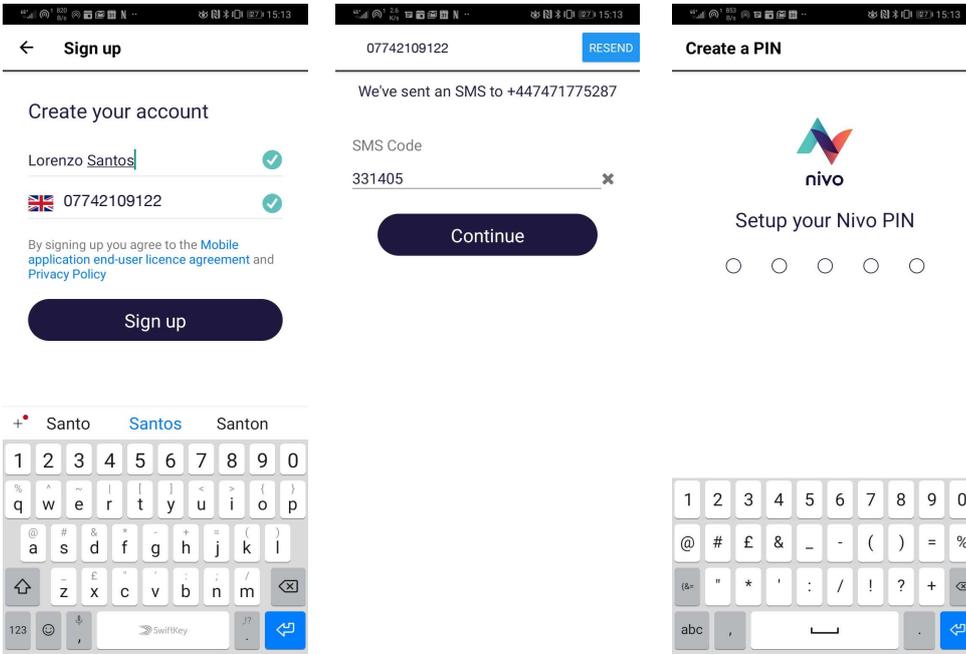
When a document is signed, the timestamped, signed version is visible in all parties' views of their interactions. It cannot be changed, modified or deleted retrospectively by any of these parties.<sup>9</sup>

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<sup>9</sup> Other than in exceptional circumstances, through an action undertaken by Nivo on request of the customer / organisation which would only be completed with the full agreement / awareness of the organisation.

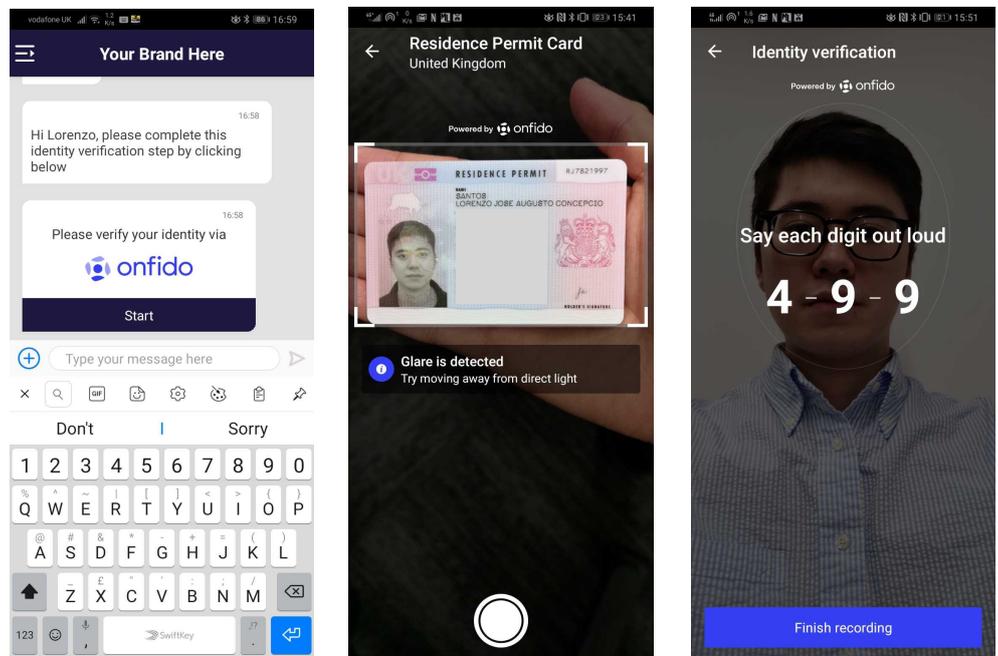
## High level overview of the Nivo process:

Having been invited to engage through the Nivo service by a financial services organisation, the customer registers and creates a secure profile through the Nivo mobile app. This involves set up of an account, proving control of a known mobile number and setting a 5-digit PIN which must then be entered to access the mobile app on each log in.



The customer receives a secure message asking them to complete an identity verification step through Onfido. This involves capture and checks of the identity document and a selfie video during which the customer is asked to complete two random actions such as reading out three digits.

The Onfido service completes a range of checks to determine the legitimacy and authenticity of the identity document itself, a biometric check to confirm a facial match, and a check that the applicant is 'live' - i.e. they could complete, the two actions on request. The name on the document is also checked to ensure it matches the name the customer registered for the application with.



The results of these checks are available on the organisation side of the system to review.

### Document Report ✓ CLEAR




↓ Roll over image to zoom in

**DETAILS**

|                  |                   |
|------------------|-------------------|
| First name:      | Last name:        |
| Gender:          | Nationality:      |
| Document type:   | Document numbers: |
| Issuing country: | Mrz line1:        |
| Mrz line2:       | << Mrz line3:     |
| Date of birth:   | Date of expiry:   |

- ✓ **Police Record**
- ✓ **Compromised Document**
- ✓ **Data Consistency**
  - ✓ Nationality
  - ✓ Document Numbers

- ✓ **Age Validation**
  - ✓ Minimum Accepted Age
- ✓ **Data Comparison**
  - ✓ Last Name
  - ✓ First Name
- ✓ **Data Validation**
  - ✓ Document Expiration
  - ✓ Gender

### Facial Similarity Report ✓ CLEAR

**DETAILS**

Score: 0.7552

- ✓ **Face Comparison**
- ✓ **Visual Authenticity**
  - ✓ Liveness Detected
  - ✓ Spoofing Detection

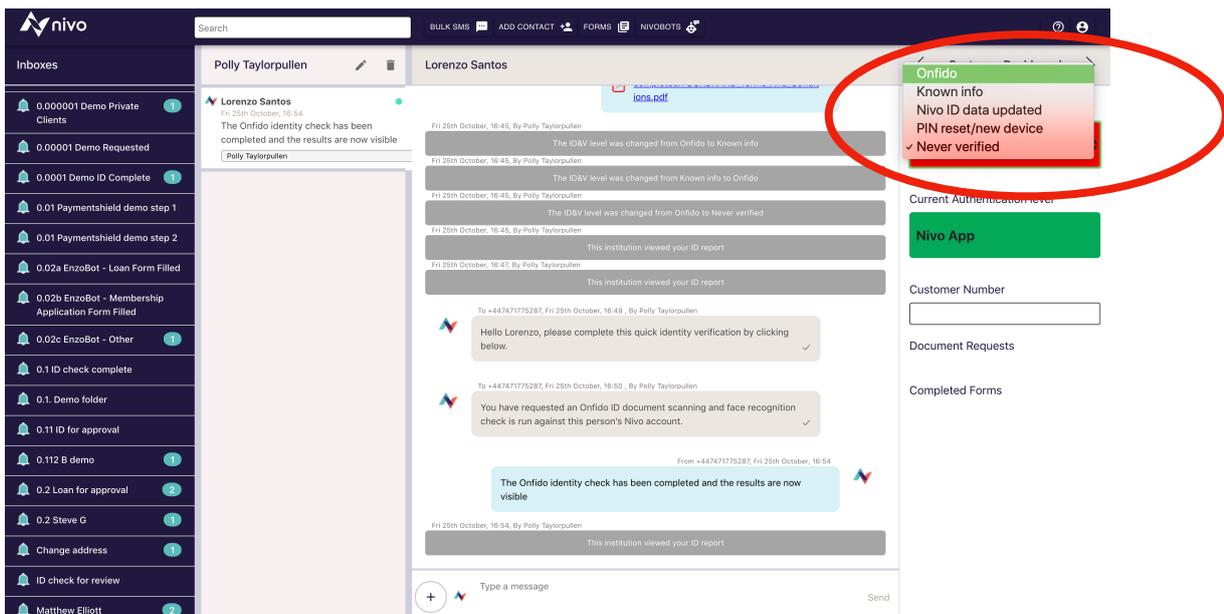
- ✓ **Image Integrity**



**INSTRUCTION #1**  
The applicant should move:  
(→) Looking over their left shoulder

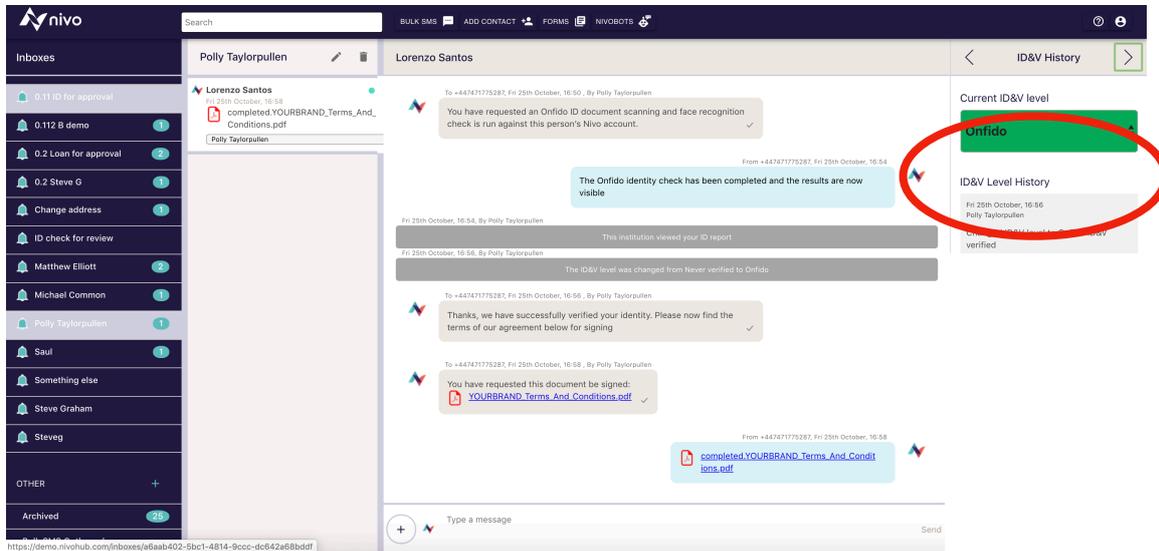
**INSTRUCTION #2**  
The applicant should say:  
1--6--4

The agent marks up the customer's identity as approved on the Nivo system.

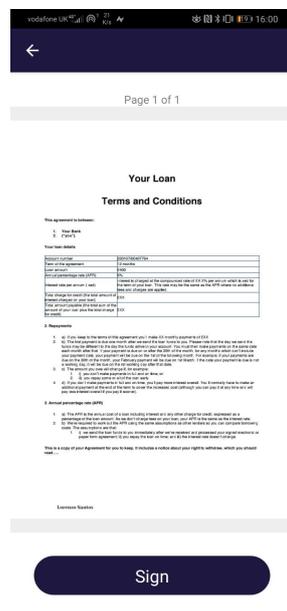
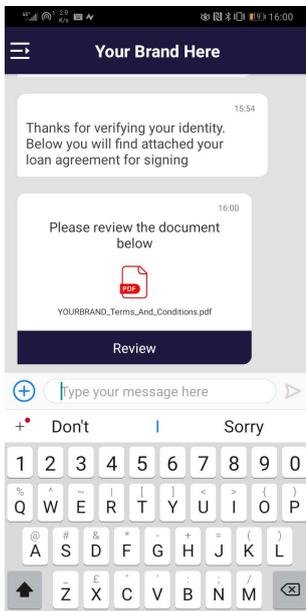


The screenshot shows the Nivo system interface. On the left is a sidebar with 'Inboxes' and a list of messages. The main chat area shows a conversation with 'Lorenzo Santos'. A dropdown menu is open over the chat, showing the status of the 'Onfido' identity check. The status is 'Never verified', which is highlighted in red. Below the dropdown, there are fields for 'Current Authentication Level' (set to 'Nivo App'), 'Customer Number', 'Document Requests', and 'Completed Forms'.

The Nivo system stores an immutable, timestamped audit trail of all actions and conversations between authenticated agents and customers. In this case, the actions undertaken and messages sent by a particular authenticated agent (Polly) to a particular authenticated, identity verified customer (Lorenzo) are timestamped and recorded. Audited actions include each internal review of the identity report and marking the customer's identity as verified.



Inside the secure app, behind authenticated credentials, the same customer receives a copy of the agreement and a request to sign, then follows a secure signing process in app.



A signed copy of the agreement is visible from within the Nivo system, forming part of the secure audit trail. It cannot be modified or deleted retrospectively.

The screenshot shows the Nivo system interface. On the left is a sidebar with 'Inboxes' and a list of messages. The main area shows a message from 'Lorenzo Santos' to 'Polly Taylorpullen' dated 'Fri 25th October, 16:58'. The message content includes:
 

- A notification: 'You have requested an Onfido ID document scanning and face recognition check is run against this person's Nivo account.'
- A status update: 'The Onfido identity check has been completed and the results are now visible'.
- A confirmation: 'Thanks, we have successfully verified your identity. Please now find the terms of our agreement below for signing'.
- A document attachment: 'You have requested this document be signed: [YOURBRAND Terms And Conditions.pdf](#)'.
- A second document attachment: 'completed.YOURBRAND Terms And Conditions.pdf' (highlighted with a red circle).

 On the right, there is an 'ID&V History' panel showing a list of verification events, including 'Changed ID&V level to Onfido ID&V verified'.

The signed agreement includes a timestamp and customer name stamp which is automatically added by the Nivo system. The customer name stamp ties back to the name the customer used at their initial registration, and this name is also checked as part of the identity verification service to ensure it matches.

## Your Loan Terms and Conditions

This agreement is between:

1. Your Bank
2. ("you").

Your loan details

|  |  |
|--|--|
| Account number   | 20019700407784   |
| Term of the agreement  | 12 months  |
| Loan amount  | £400   |
| Annual percentage rate (APR)   | 6%   |
| Interest rate per annum (xed)  | Interest is charged at the compounded rate of XX.X% per annum which is xed for the term of your loan. This rate may be the same as the APR where no additional fees and charges are applied. |
| Total charge for credit (the total amount of interest charged on your loan)                      | £XX  |
| Total amount payable (the total sum of the amount of your loan plus the total charge for credit) | £XX  |

2. Repayments

1. a) If you keep to the terms of this agreement you'll make XX monthly payments of £XX
2. b) The first payment is due one month after we send the loan funds to you. Please note that the day we send the funds may be different to the day the funds arrive in your account. You must then make payments on the same date each month after that. If your payment is due on or after the 29th of the month, for any months which don't include your payment date, your payment will be due on the 1st of the following month. For example, if your payments are due on the 30th of the month, your February payment will be due on 1st March. If the date your payment is due is not a working day, it will be due on the next working day after that date.
3. c) The amount you owe will change if, for example:
  1. i) you don't make payments in full and on time; or
  2. ii) you repay some or all of the loan early.
4. d) If you don't make payments in full and on time, you'll pay more interest overall. You'll normally have to make an additional payment at the end of the term to cover the increased cost (although you can pay it at any time and will pay less interest overall if you pay it sooner).

3. Annual percentage rate (APR)

1. a) The APR is the annual cost of a loan including interest and any other charge for credit, expressed as a percentage of the loan amount. As we don't charge fees on your loan, your APR is the same as the interest rate.
2. b) We're required to work out the APR using the same assumptions as other lenders so you can compare borrowing costs. The assumptions are that:
  1. i) we send the loan funds to you immediately after we've received and processed your signed electronic or paper form agreement; ii) you repay the loan on time; and iii) the interest rate doesn't change.

This is a copy of your Agreement for you to keep. It includes a notice about your right to withdraw, which you should read.

  
  
 Lorenzo Santos                      25-10-2019

