

Xangle Research

Top Decentralized Identity Projects to Watch in 2021

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Customers are demanding greater control over their digital identities because current solutions have not met expectations, according to [Deloitte](#). It adds that the integration of new technologies in identity management solutions will be “critical” to achieving better product outcomes.

Blockchain is one of the technologies shaping the future of digital identity management. [McKinsey Digital](#) explains that blockchain-powered identity solutions “would serve as key enabling solutions which will set standards for the wider economy” in the future.

There are several reasons why decentralization could improve the state of identity management. Centralized stores of personal information—social security numbers, credit card information, and other data—are frequently-plundered goldmines for thieves. [More than 165 million records containing personal data were compromised](#) in data breaches in 2019.

Decentralizing identity management means your personal data, which thieves crave, would be moved off of vulnerable centralized servers. Under this arrangement, identity management would involve utilizing decentralized identity solutions to distribute security, allowing data owners to share their information without storing their data on centralized servers. In the case of attempted breaches, this decentralized design can reduce harm.

Those who need to use their identities in the digital space (i.e. virtually everybody) would no longer have to trust that third parties are securing their data. Instead, they can grant one-time access to their credentials, never giving full custody of their identifiers to others.

Decentralized identity has the potential to streamline anti-money laundering (AML) and know-your-customer (KYC) processes while reducing vulnerability to data breaches. The following projects are responsible for increasing access to decentralized identity services, and may just be products that you use in 2021 or the more distant future.



Civic offers a multisig, non-custodial digital wallet for Bitcoin, called Civic Wallet. Its blockchain-powered identity verification offers users the ability to privately share personal information without giving data to third parties during transactions.

What makes Civic especially unique is its incorporation of “health status” into its product. Civic’s Health Key is the sort of offering that seems tailor-made for 2021, when vaccination status and other health-related identifiers could become a factor in various aspects of life. These considerations could affect travel and employment and may be central to how we think about identity.



Identity.com augments the slate of decentralized identity projects by serving as another point of credential verification. Each verification of a credential (an “attestation”) is logged as a blockchain transaction. Those who want to verify proof of identity can return to the Identity.com ecosystem and obtain the credential and attestation that they seek. Users can reuse their proof of identity repeatedly unless the proof is revoked or it expires.

Civic is among the decentralized identity solutions using Identity.com’s open-source blockchain ecosystem for the verification of customer credentials. It is fitting, considering that Civic purchased Identity.com in July 2018 with the intent of turning it into a “crypto-powered personal data market”.



SelfKey

SelfKey offers a suite of decentralized financial products and services. The KEY token is the medium for transacting on the SelfKey ecosystem. The core feature of SelfKey includes decentralized identity storage and management.

The SelfKey Marketplace gives users access to many different products and services, including international bank accounts, the ability to “start a new business”, and notary services. SelfKey provides blockchain-powered identity management with a significant number of adjacent financial services and products.



Magic

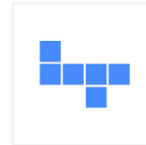
Magic (formerly known as Fortmatic) is an identity authentication service for Ethereum-based apps. Features include multi-factor authentication and a highly-customizable user experience. Magic’s literature states that the authentication layer can be integrated into existing apps in a matter of minutes.



Ping Identity

While Ping Identity is not itself a decentralized solution (despite incorporating features like multi-factor authentication), it has invested in decentralized identity management through its acquisition of ShoCard.

ShoCard is a blockchain-powered identity management solution that uses facial recognition, other biometric monitors, and document authentication as a means for a user to store all of their most important personal identifiers in a single port. The use of blockchain ensures that users of ShoCard control their data, and that the data is not stored on third-party servers.



BlockPass

BlockPass is a decentralized identity solution that aims to simplify companies' onboarding, know-your-customer (KYC) and anti-money laundering (AML) processes. It is a software-as-a-service (SaaS) application marketed specifically to those in the decentralized finance (DeFi) and cryptocurrency spaces.

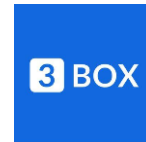
Users control their identity through BlockPass software, and that identity is the means for organizations to vet the customer/user. Cryptography helps ensure the authenticity of all user information. Cryptographic digital identities issued through BlockPass can be used across other compliant platforms, lowering the cost of AML and KYC processes while avoiding redundancy.



Bloom

Bloom's catchphrase is "verify anything about anyone". It is a blockchain-powered solution for identity ownership and management, citing credit scoring as a one specific benefit of the system. The stated goals of Bloom are to give users greater control over their financial information (including credit-specific details), to decentralize the sharing of such information to reduce third-party interference and costs, and to lower the risk of identity theft.

Like many other decentralized identity solutions, Bloom's use cases include KYC and AML processes.



3Box

3Box is a data management solution for app developers. 3Box allows developers to choose from three different application programming interfaces (APIs). Those APIs have several features including messaging capability, cloud storage, and social profiles.

When users build a social profile and reputation through 3Box, that reputation transfers to other apps that use 3Box. 3Box is a decentralized solution for the backend of apps. The 3Box IdentityWallet SDK allows users to connect their crypto wallets to 3Box-powered applications.



Jolocom

Jolocom provides open-source software development kits for those who want to build custom identity management solutions. Using decentralized technology, Jolocom provides the software infrastructure to customers and then consults them as they craft a customized solution.

They offer to help their customers onboard clients onto the software. They also offer a user-ready identity management app called the Jolocom SmartWallet. With features like multi-factor authentication and encryption, the SmartWallet gives users control over who can access their data.



Octopus

Octopus is an identity management platform that distributes data management across cryptographic “Vaults” collectively comprising the VaultChain. Those who join the VaultChain remain anonymous, but are subject to the reputation checks and balances that other Vaults on the chain provide.

The VaultChain has no centralized governance, which provides its decentralized framework. Users of Octopus control their identity, while enterprises that use the Octopus network can verify users’ identities in a decentralized way, reducing their storage needs and exposure to data breaches.



Project Hydro

Project Hydro, is an identity management and security solution built upon public blockchain technology. The first step in the Hydro service chain is securing users personal identifiers (SSN, National ID's, other personal info) using blockchain and private keys. Every subsequent use of that identifying information is protected by two-factor authentication (2FA), with the goal being to reduce the risk that the data will be compromised through any digital exchange.

This second layer solution can facilitate payments, allow users to authenticate documents or engage in contracts, and deploy customers' identities to other ends.

NuID

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NuID is a decentralized identity management solution designed for enterprise scale. It provides developers a login platform secured by cryptography and trustless authentication rather than using passwords.

Those who incorporate NuID login into their digital operations allow customers to maintain control over their identity, never storing their login credentials on third-party equipment.



Colendi

Colendi provides credit to consumers through its blockchain-powered platform and services. Businesses and consumers develop a “trust score” through Colendi, and the strength of that score can determine their access to financial services.

Features of Colendi for consumers include the ability to pay for goods and services in installments, access to microcredit, and direct payment. Businesses that integrate Colendi into their operations can extend credit to their customers, monitor the creditworthiness of those customers through Colendi’s scoring protocol, and complete transactions with their customers through the app.



Sovrin

Sovrin is an open-source identity management platform. The idea is to make online identity management simpler by allowing users to deploy their digital identity in a way that is similar to using a physical driver’s license or identity card.

Sovrin is designed for easy integration into existing platforms. In this sense, the creators of Sovrin aimed for the identity management platform to be “a global public utility”.

Conclusion

There has never been a time where the need for secure, user-controlled digital identity solutions is so apparent.

Digital identity has crossed a threshold thanks to COVID-19. Credit card information is no longer the most sensitive data you might store on your phone. You may soon need to prove your vaccination status and more general health condition through "immunity passports" - information which may be stored digitally, and therefore could be subject to security hazards.

Digital identity management, when done properly, can protect the sensitive data that you are used to storing and sharing digitally. It may also be necessary to protect data that you are not used to sharing through digital means, but may be required to store and share in the near future.

Decentralized digital identity solutions reduce the user's vulnerability to having their data stolen, and allows them to maintain a semblance of privacy at a time when privacy is at a premium. It may also prove to be far more convenient to store identities digitally, and in a decentralized manner, than legacy alternatives allowed.

The projects highlighted on this list are vying for users' trust, and could play an increasingly prominent role in everyday life should identity requirements become more stringent in 2021.

Thank you.

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