



Passport Verification:

Is the person in front of you who they claim to be?

Forged or 'fake' passports are used to commit a range of financial crimes, including identity theft, fraud, illegal immigration and organized crime such as the regional and international smuggling of contraband.

"Books", as some forgers refer to their trade, is big business, with fake identification documents increasingly being sold online. Although the exact scope of passport forgery in Australia remains unknown due to the high incidence of unreported and undetected cases, the problem is undoubtedly proliferating. As early as 2003, national media reported 14 000 Australian passports being "lost or stolen" in only five months.

According to the Australian Institute of Criminology (AIC), the cost of fraud to Australia is in excess of \$5 billion per year, and accounted for 40% of Australia's crime in 2005. The estimated cost of identity fraud alone amounted to more \$1.1 billion per year by 2006*.

Identity theft and ID forgery are essentially prerequisites for financial crime, making the fight against forgery a top national priority, both from a law enforcement and compliance perspective. Financial institutions and businesses accepting money deposits – banks, law firms, asset management house as well as online and land-based casinos – are targeted by criminals on a daily basis, making ID verification a critical first line of defence.

Within the context of new client sign-up or intake processes, the ability to instantly and effectively verify the authenticity of identity documentation in-house is key.

Caution: Not all illegal identification documents are altered or falsified.

Fraudulently issued passports, for example are far harder to detect as they are not altered; just falsely issued. Successful verification techniques thus leverage a combination of security features, technologies and the MRZ's correlation to personal data.

Verifying a passport's authenticity by eye is a tough task, and compounded by the fact that new forgery techniques are continually developed to overcome counter-forgery measures employed during legitimate passport production. The secrets normally lie in characteristics such as watermarks, special security threads inserted during the paper production process, threads coated with ink that react to ultraviolet light, miniature plastic disks embedded in the paper, micro-line printing, background printing, holograms and similar reflective coatings.

Appraising passports using these features means staying abreast of production techniques for both real and fake passports in all jurisdictions concerned, and is therefore simply not practical. This challenge gave rise to the adoption of an international passport verification standard, utilising the so-called Machine Readable Passport Zones (MRZ) format.

Developed by the International Civil Aviation Authority (ICAO) and adopted by all member states, it is the globally recognised data display and authentication format for all machine-readable passports and identity documentation.

Identity verification: Protecting your business against reputational risk

Online traders and auctioning businesses, for example, are increasingly regulated in terms of know your customer (KYC) compliance. The ability to verify a seller's identity documentation independently enables vendors to offer their buyers increased transactional security. Used in conjunction with the Australian 100-point ID check list, MRZ-based ID and passport checking enables online vendors to offer their buyer base peace of mind whilst mitigating their business, legal and potential reputational risks.

Alleged underworld kingpin "Fat" Tony Mokbel aka Stephen Pappas, for example, is not the sort of client institutions would want to be associated with. Wanted by the authorities





New passport verification technologies and the future

One of the MRZ's key strengths lies in the fact that it provides a global standard for how passport data is visually presented. Although technological and biometrical measures are increasingly employed to help fight passport and ID forgery, the MRZ will continue to serve as a standard visual format and first line of defence against identity fraud and associated crimes. The following are examples of new and complementary ID verification technologies:

- The Australian Department of Foreign Affairs and Trade started introducing a new biometrics-based 'ePassport' in late 2005, with the \$62 million "SmartGate" passport checking systems being rolled out at Australian airports during 2007 and 2008.
- In European countries such as Germany and the UK, Radio Frequency Identifier (RFID) technologies are also currently being implemented. Biometric data is embedded in a radio chip, adding an additional layer of security, and enabling one-swipe verification.
- Similarly, the United Arab Emirates (UAE) are implementing iris scanning capabilities at airports to match passport data against biometrics.

Visit the below links to find out more about new document formats, best practice and advanced passport verification techniques:

Useful Links

Australian Passport Photograph Guidelines

<http://www.passports.gov.au/Web/Requirements/Photos.aspx>

Passport-Check

<http://www.world-check.com/passport-check/>

Instant web-based ID and passport verification service for all types of machine-readable (MRZ) identity documents. Combines document verification and risk screening against World-Check's risk intelligence in one step.

Australian ePassport Information

<http://www.passports.gov.au/Web/ePassport.aspx>

The Council of the EU Glossary of Security Documents

<http://www.consilium.europa.eu/prado/EN/glossaryPopup.html>

How to spot a fake passport using the MRZ

- Forgers often falsify personal data such as the Date of Birth, Date of Expiry, Passport Number or even the bearer's sex on the photo page.
- Experience shows most forgers do not adjust the figures of the Machine Readable Zone (MRZ) to reflect the new data.
- Checking the Machine Readable Zone with an optical reader will not consider the above and only confirms that the calculation of the check digits is correct.
- Alterations in the upper part of the document are not taken into consideration; therefore, checking with an optical reader provides a false sense of security.
- In case of doubt, always ask for a second opinion from a colleague or consult your security manager.



About World-Check

World-Check provides its structured risk intelligence to more than 3000 institutions, including 47 of the world's 50 largest banks and hundreds of government agencies. The database is updated daily in real-time by an international research team. Coverage includes money launderers, financial criminals, terrorists, narcotics traffickers, sanctioned entities and more.

In addition, Politically Exposed Persons (PEPs), their family members and associates worldwide are covered as well.

World-Check's risk intelligence and tools such as Passport-Check, an online ID checking and risk screening service, find direct application in compliance, fraud prevention, identity authentication and background screening practices.

Visit <http://www.world-check.com/passport-check/> or email contact@world-check.com for more information.