THE UNIVERSITY OF BRITISH COLUMBIA

School of Information
Faculty of Arts

Decentralized Identity

Blockchain@UBC Summer Institute

JULY 14, 2025

INTRO TO DECENTRALIZED IDENTITY

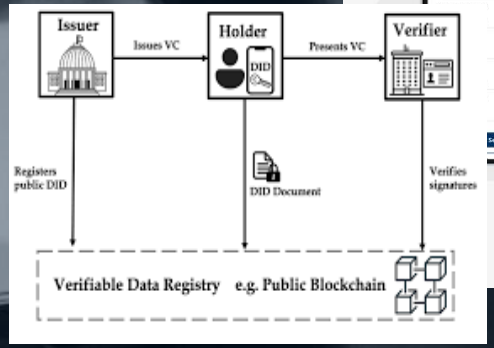
Why do we need a digital Identity?

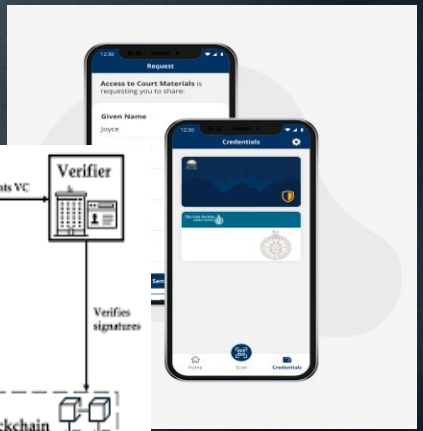
"On the Internet, nobody knows you're a dog."

Physical World

VS

Digital World





Decentralized Identity offers a way to establish the authenticity of identities and attributes about them in the digital world

Identity is Multidimensional

Relationships (you don't look to the same to everyone)

- You to Bob (sister)
- You to Acme (Employer)
- You to USA (visitor)

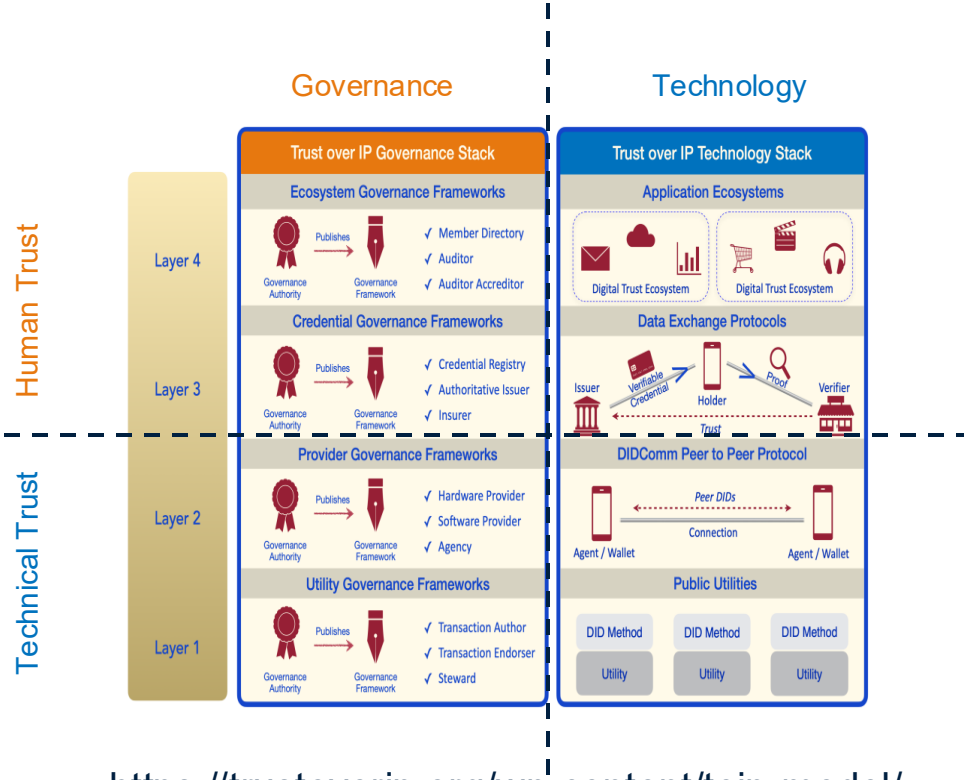
Agents (help you do things)

- Cloud agent
- iPad/notebook
- Mobile Phone

Attributes

- DoB
- Education
- Health

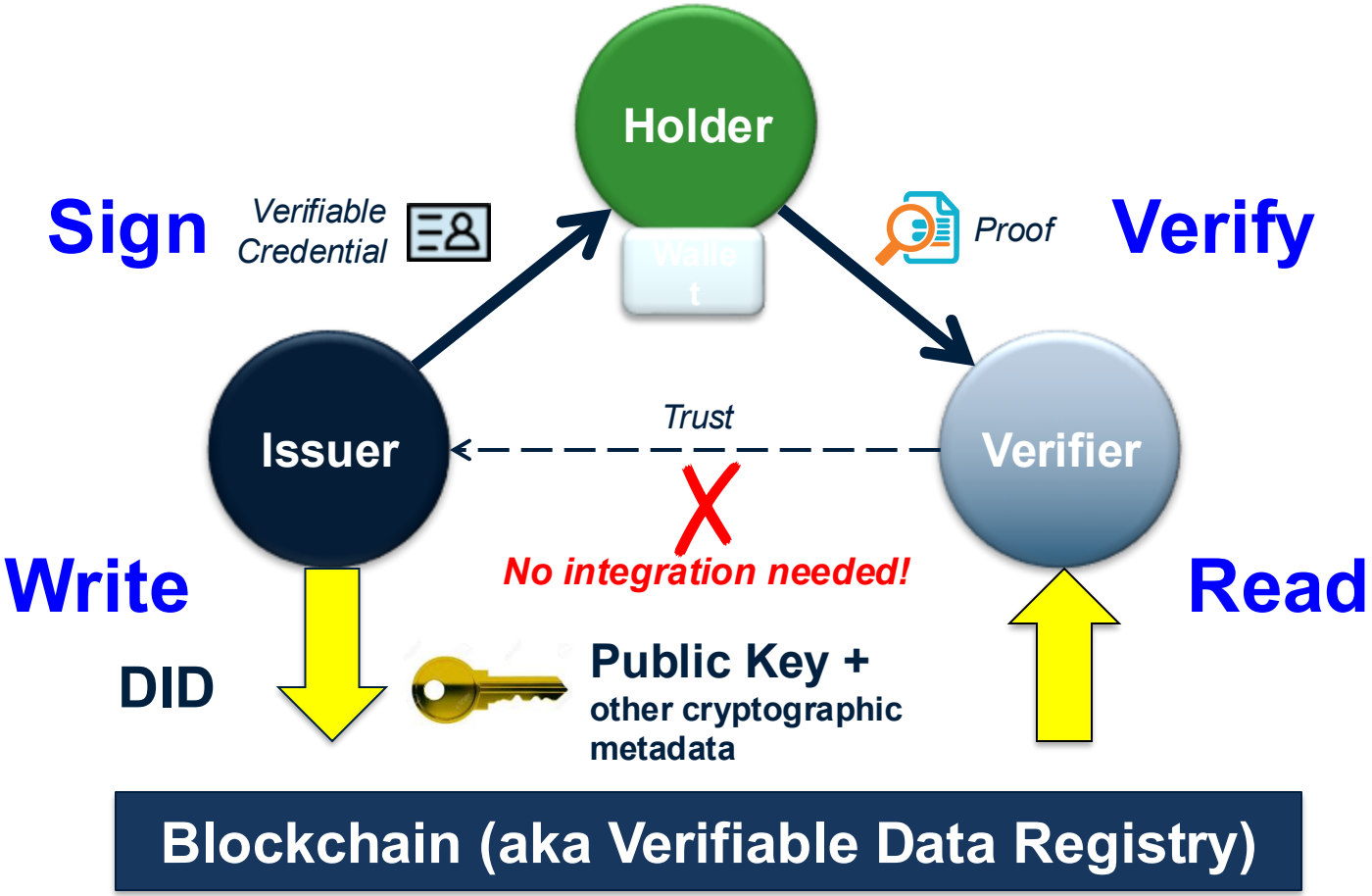
THE DECENTRALIZED IDENTITY STACK



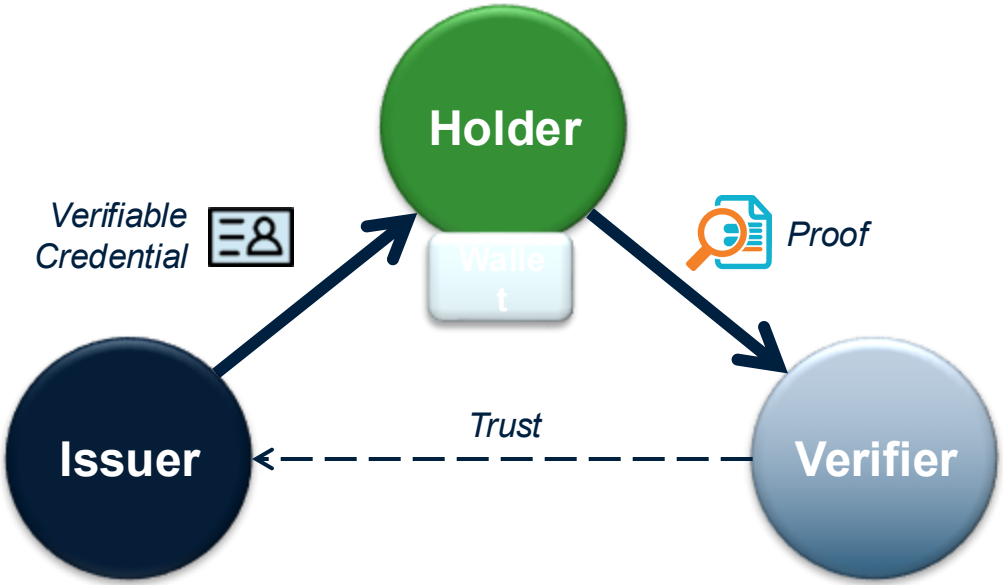
https://trustoverip.org/wp-content/toip-model/

- DID = Decentralized Identifiers
- DID is a unique identify – an address that someone can own
- Example: did.eth.0x34fd234ae1998bc (did . did-method . Identifier)
- •DID is controlled by a public key infrastructure
- DID can be recorded on a verifiable registry (e.g., blockchain)
- DID can be resolved to a DID Document

How Does Decentralized Identity Work?

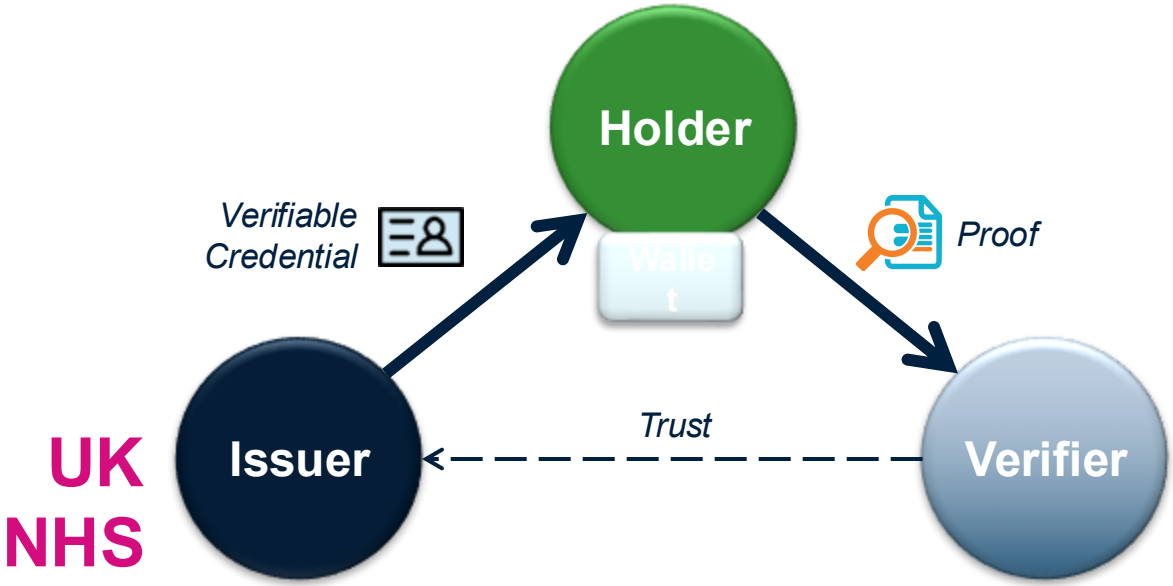


Doctor's Passport Example



Blockchain

Doctor's Passport Example



Blockchain

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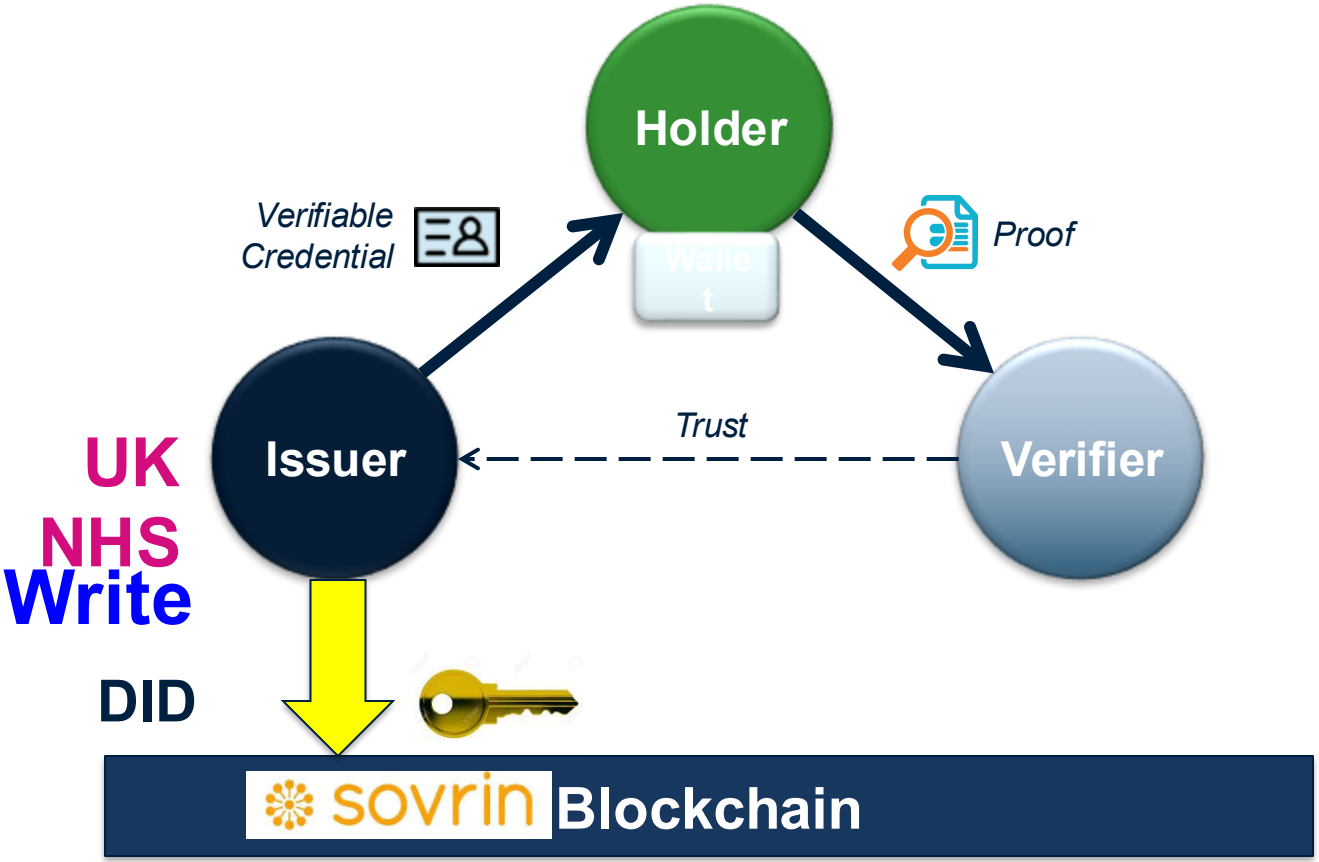

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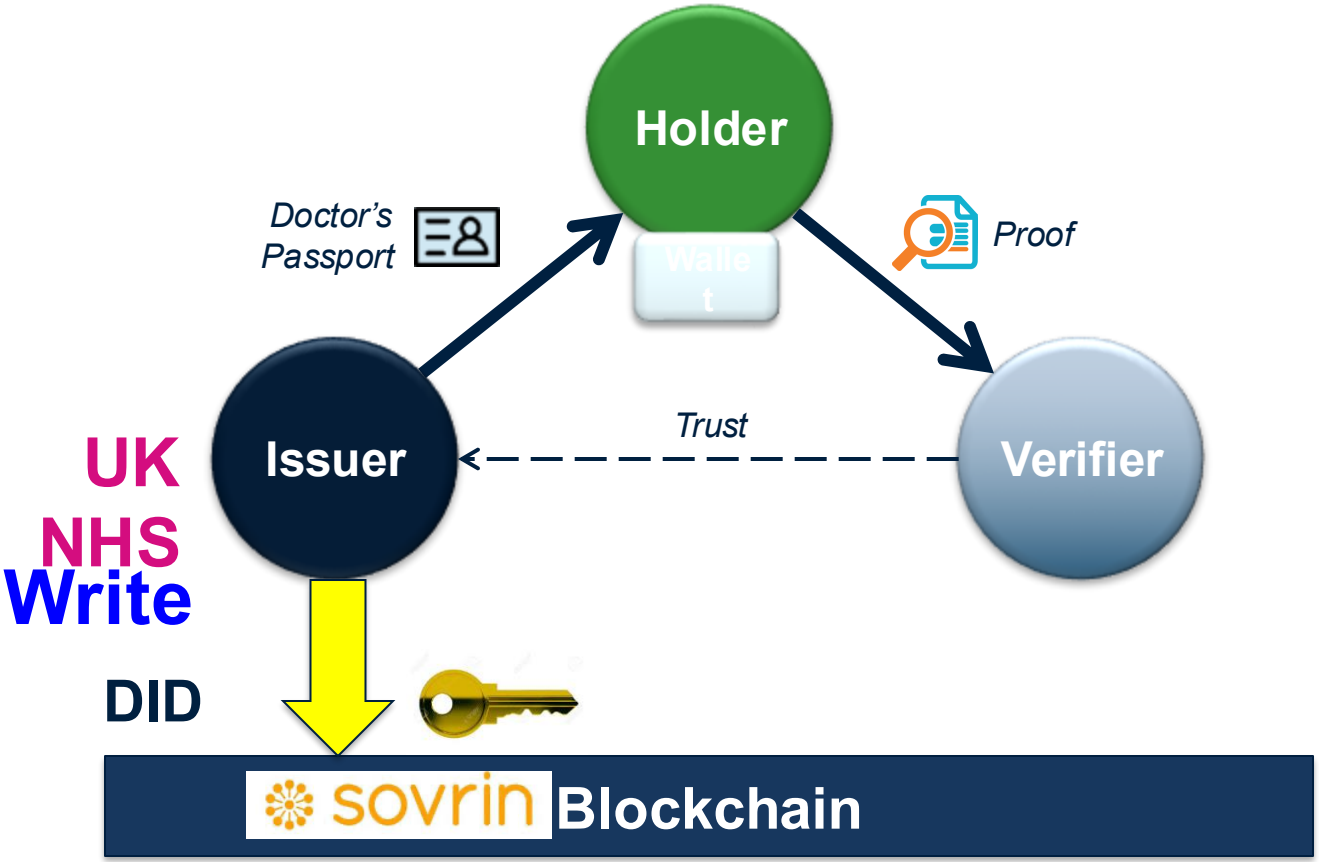

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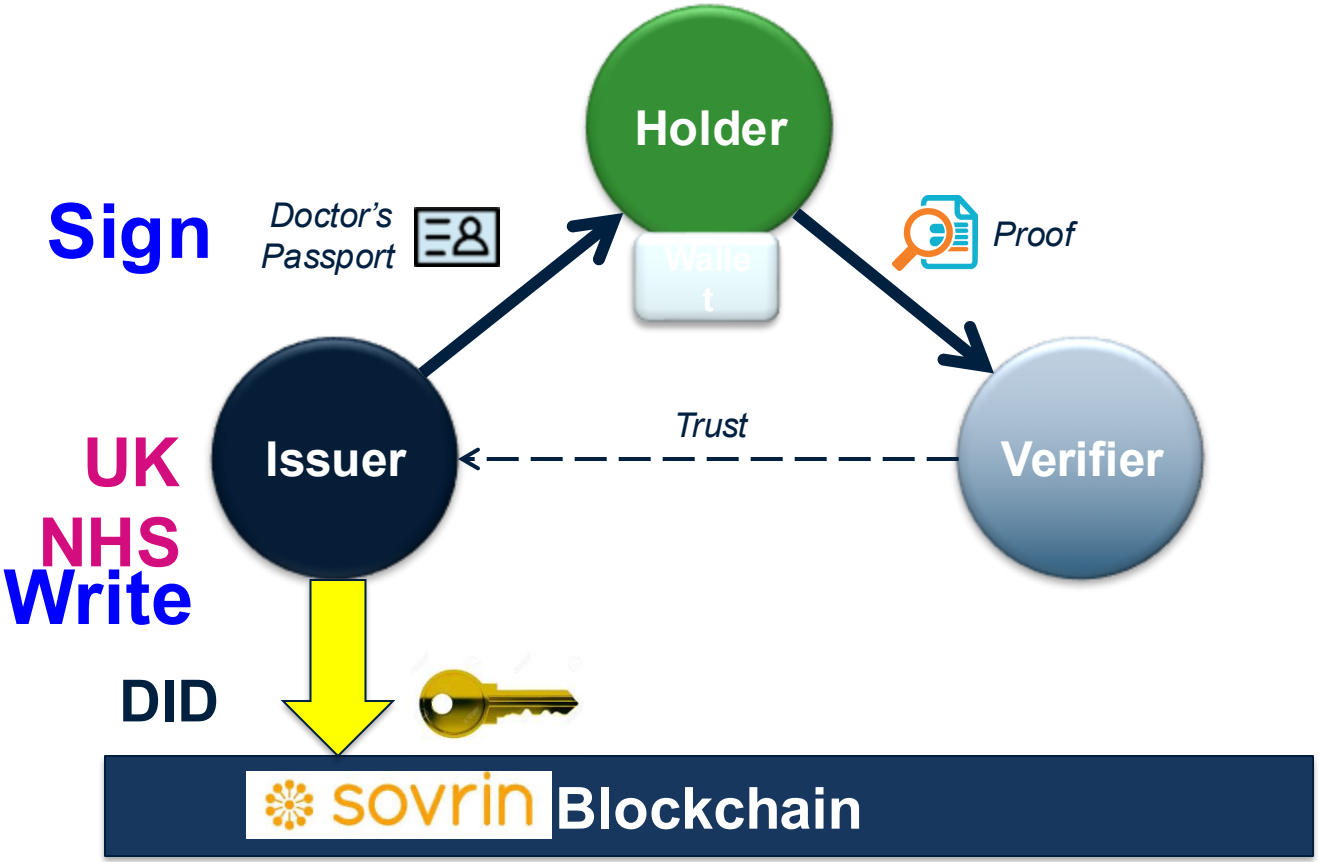

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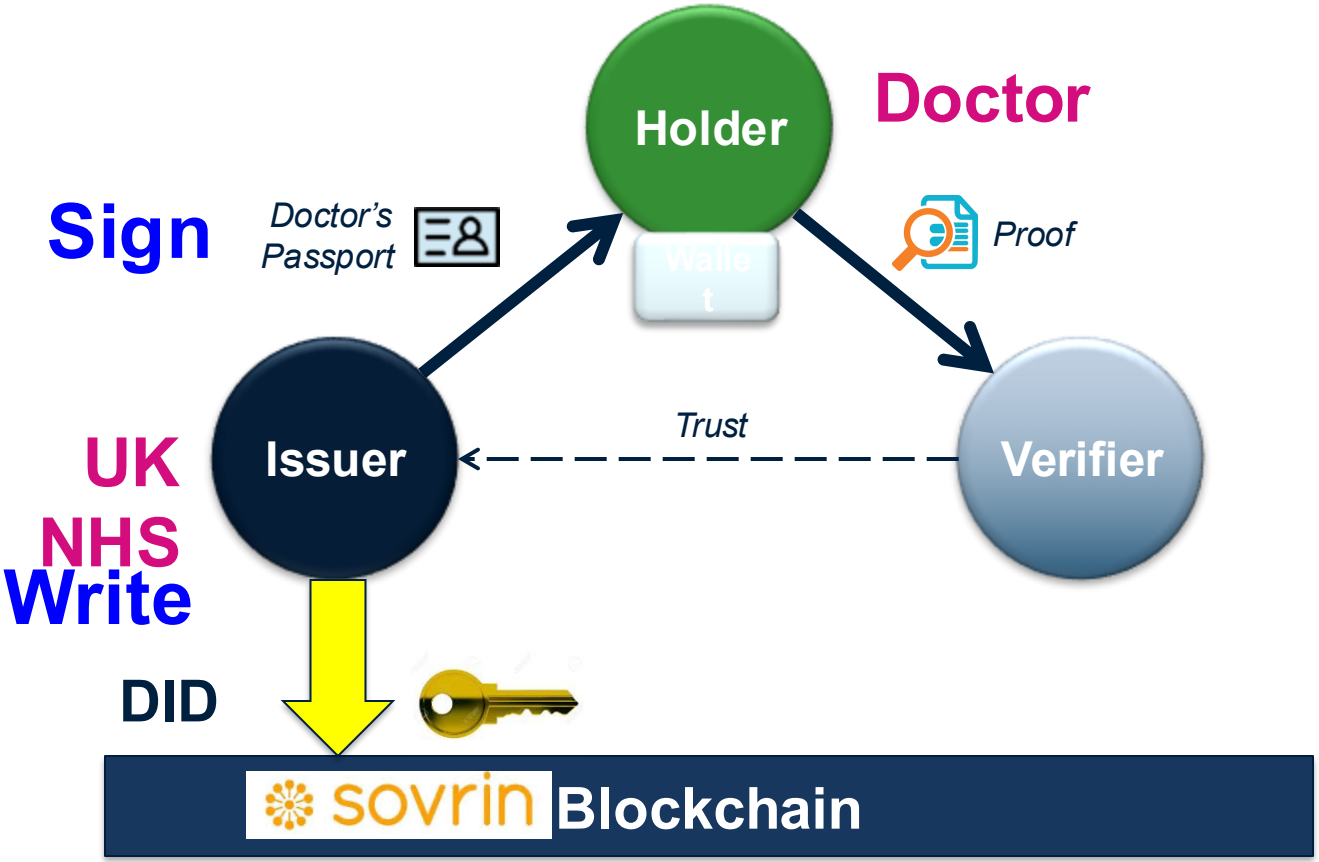

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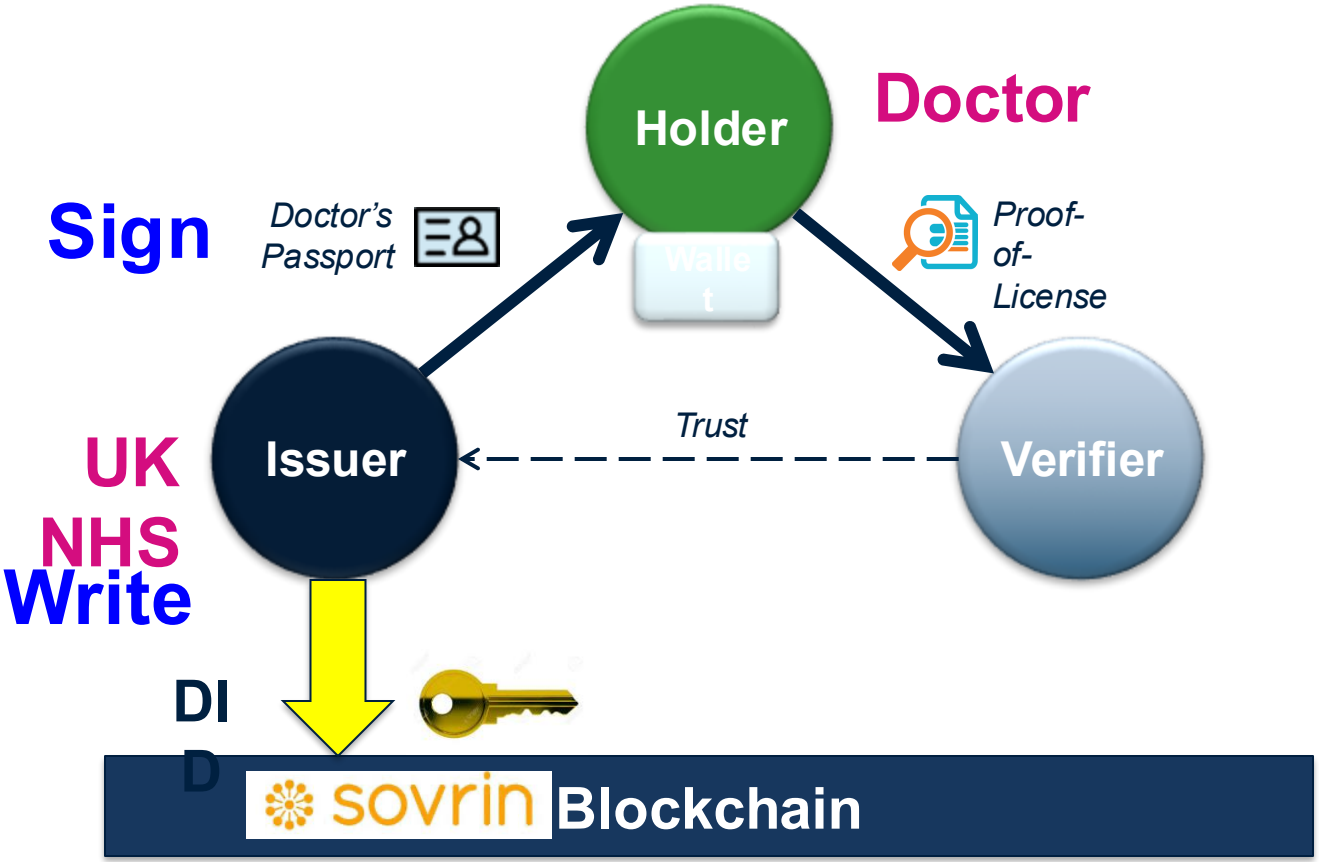

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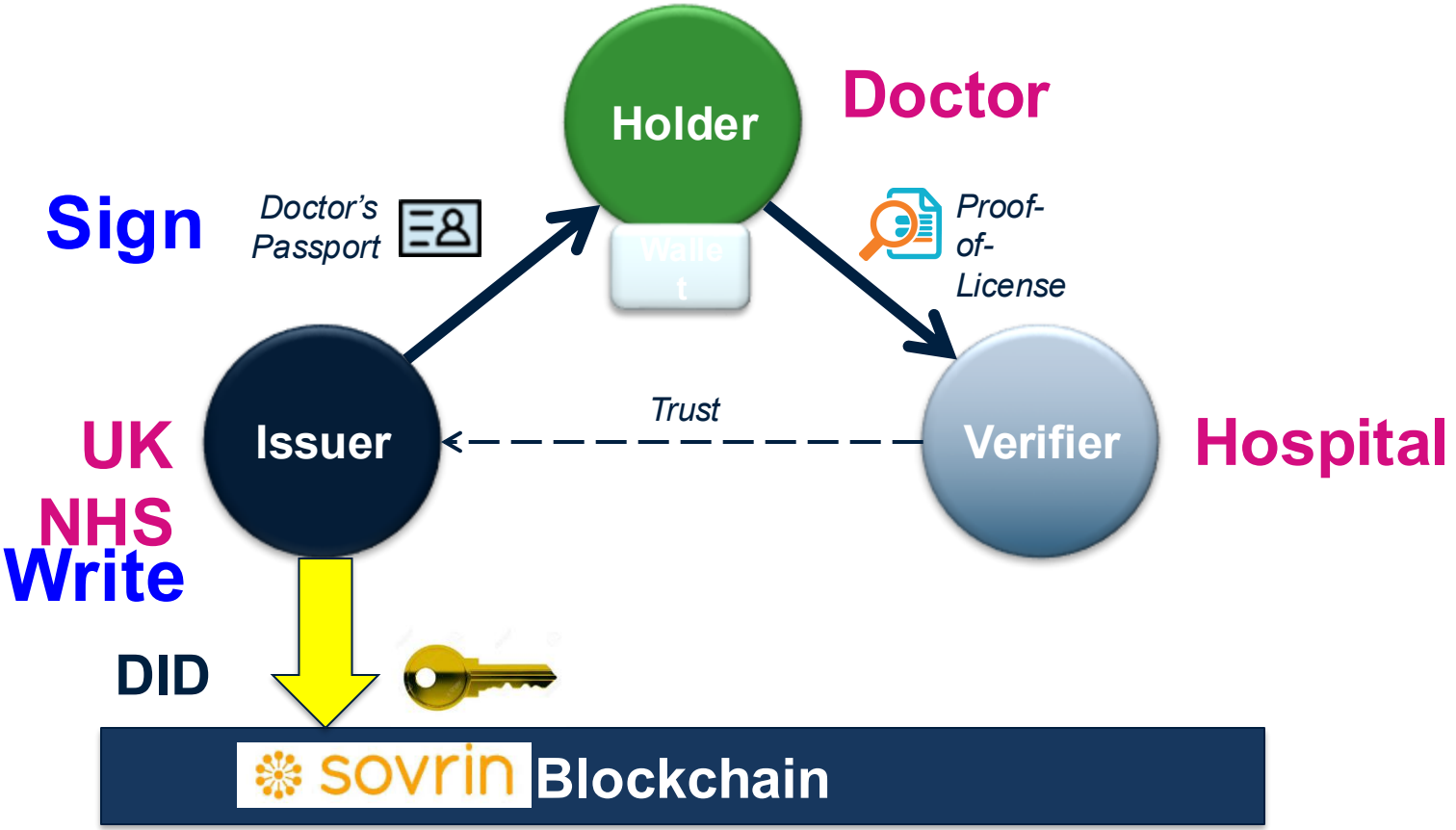

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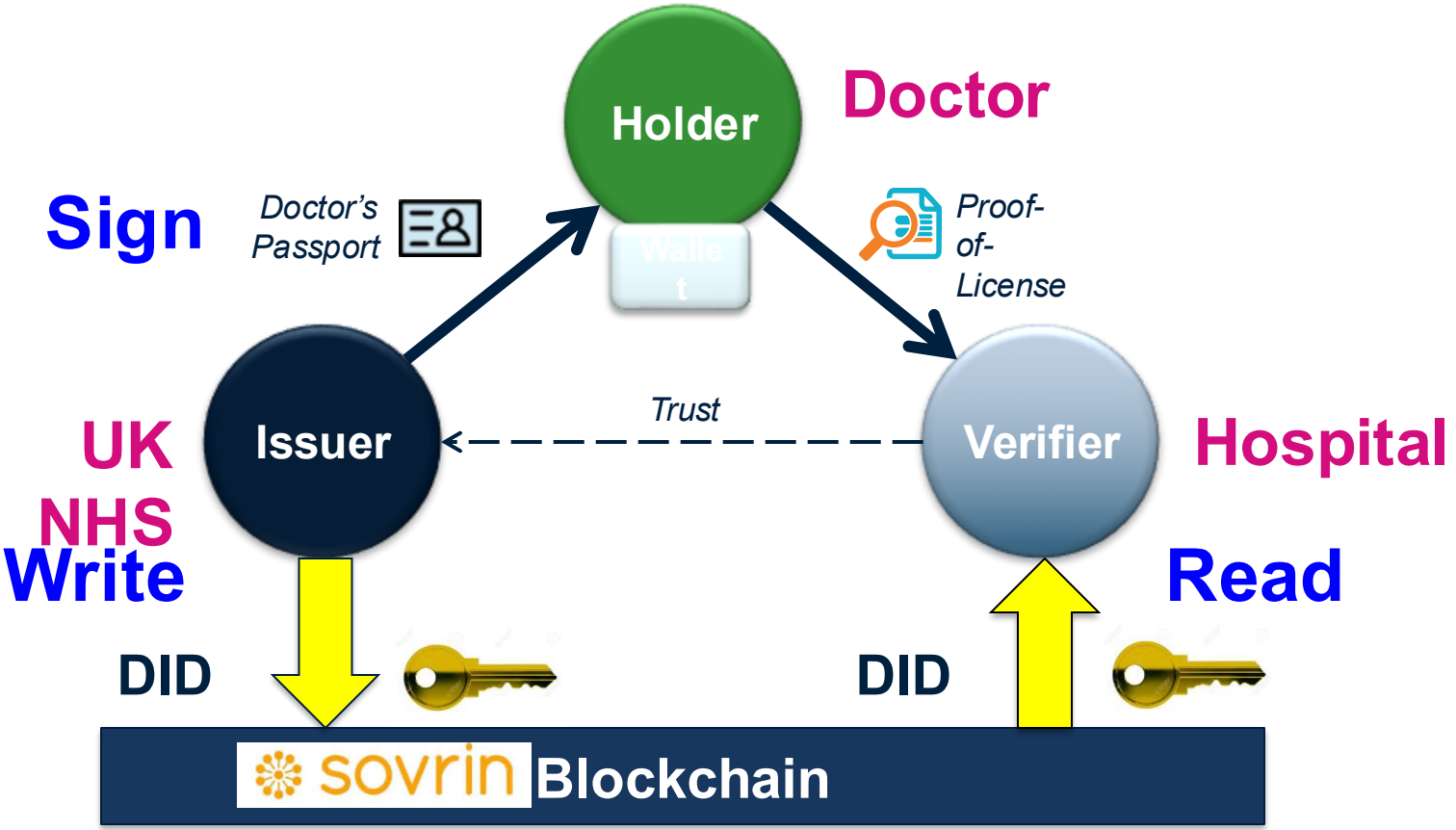

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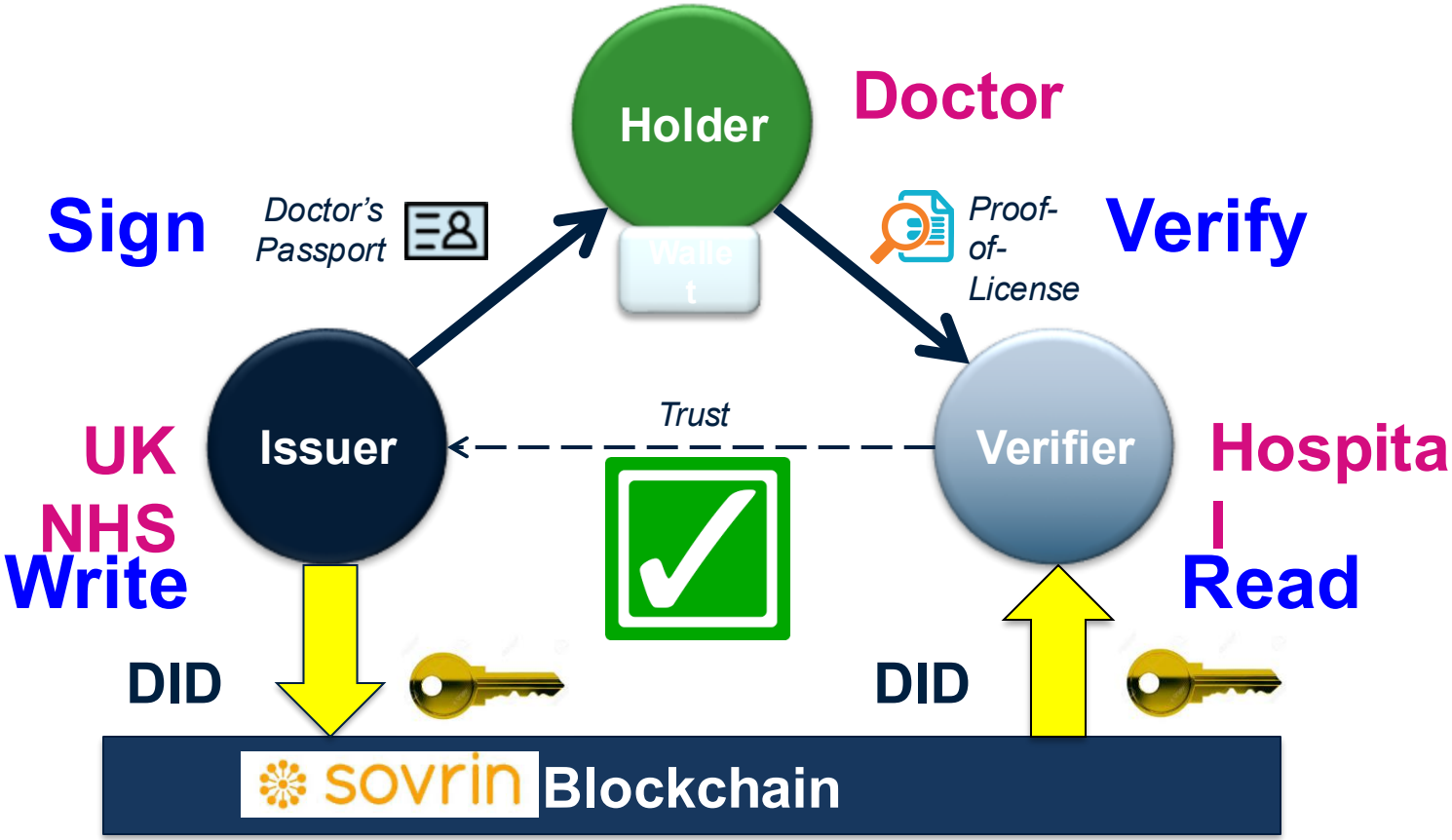
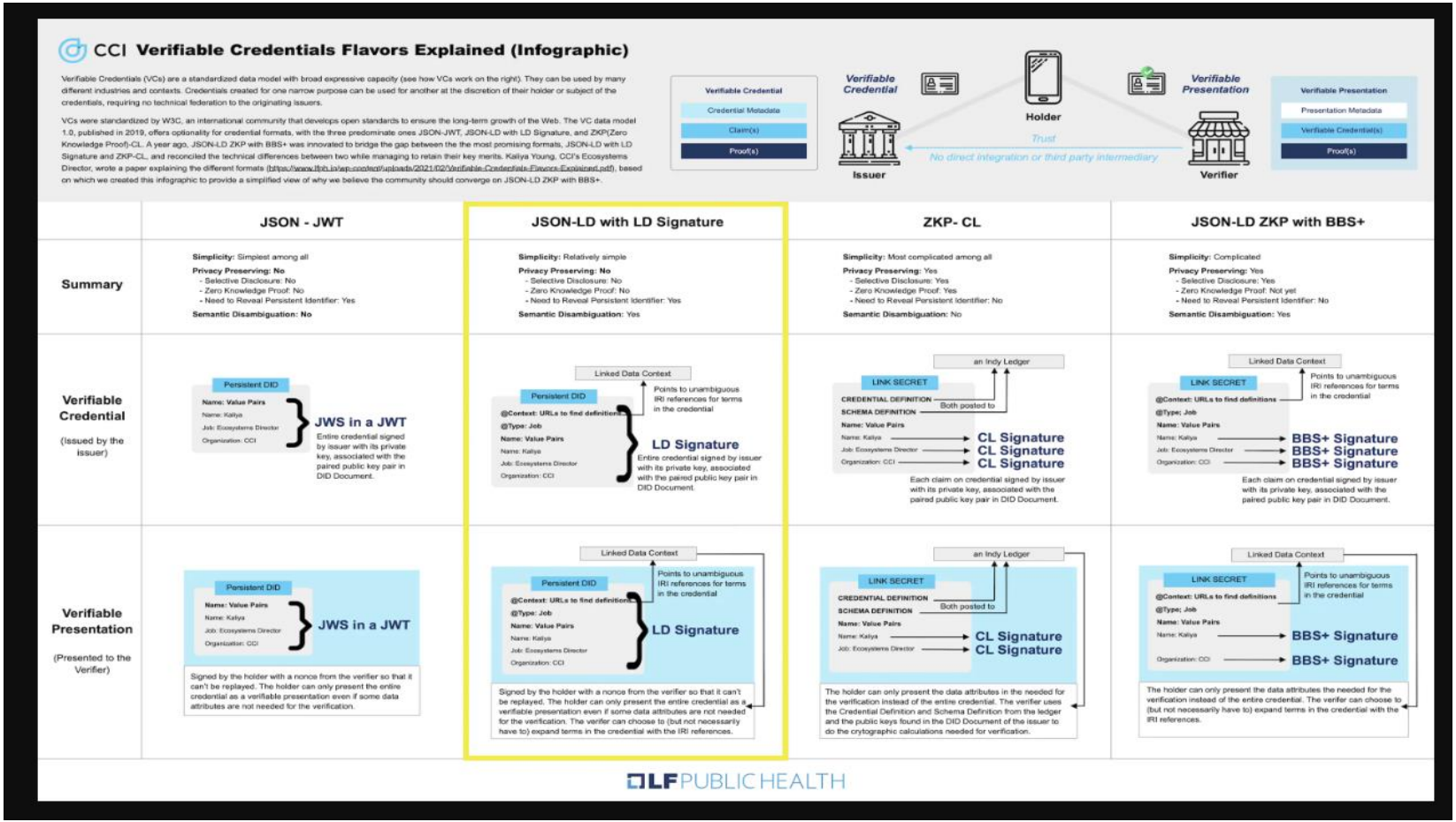
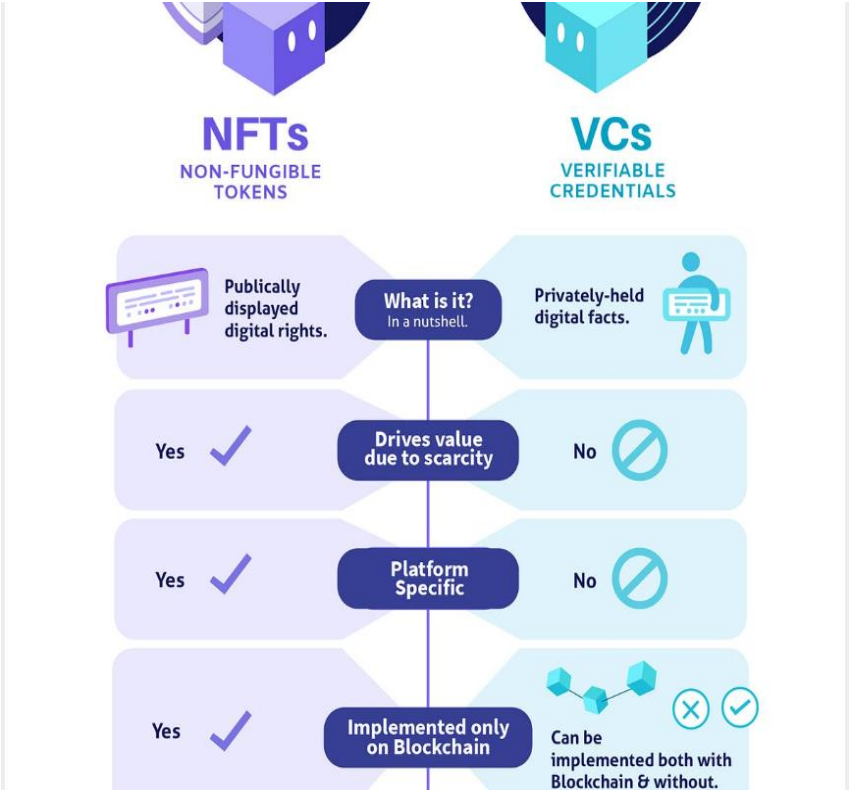




Source: https://www.lfph.io/wp-content/uploads/2021/02/Verifiable-Credentials-Flavors-Explained.pdf

Comparing NFTs and VCs



SOULBOUND TOKENS

Transferability:

VCs: Can be shared and verified by others, but not transferred.

SBTs: Permanently tied to the holder's wallet and cannot be transferred.

Purpose and Usage:

VCs: Used to prove qualifications, identity, and credentials.

SBTs: Used to represent personal, non-transferable attributes and reputation.

Verification:

VCs: Verified through cryptographic proofs by verifiers.

SBTs: Exist on the blockchain and represent unique attributes visible to all.

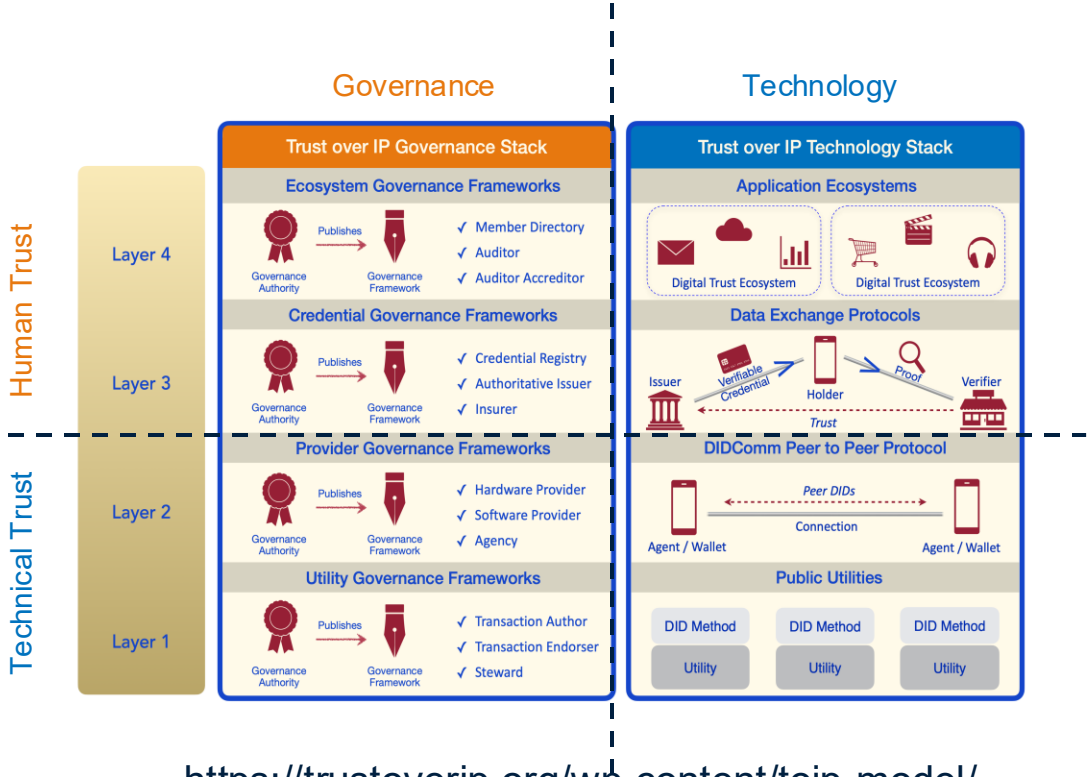
Privacy:

VCs: Can selectively disclose information to verifiers.

SBTs: Publicly visible on the blockchain, potentially less privacy.

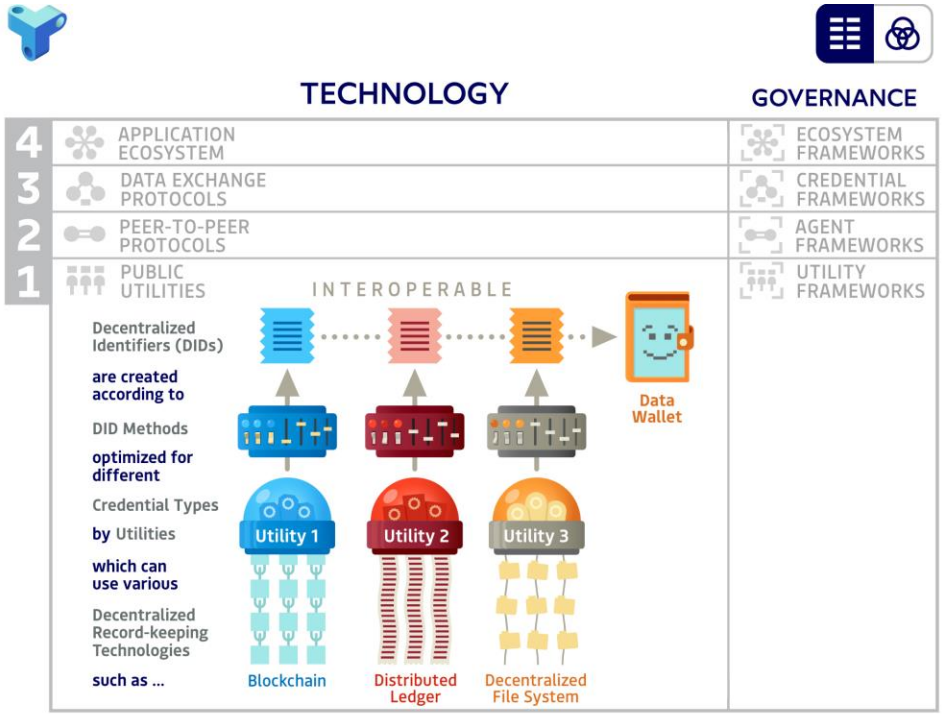
THE DECENTRALIZED IDENTITY STACK IN DETAIL

THE DECENTRALIZED IDENTITY STACK



https://trustoverip.org/wp-content/toip-model/

TECHNOLOGY LAYER 1 (THE PUBLIC UTILITY LAYER)



HYPERLEDGER INDY

Architecture Overview: Indy Blockchain Type

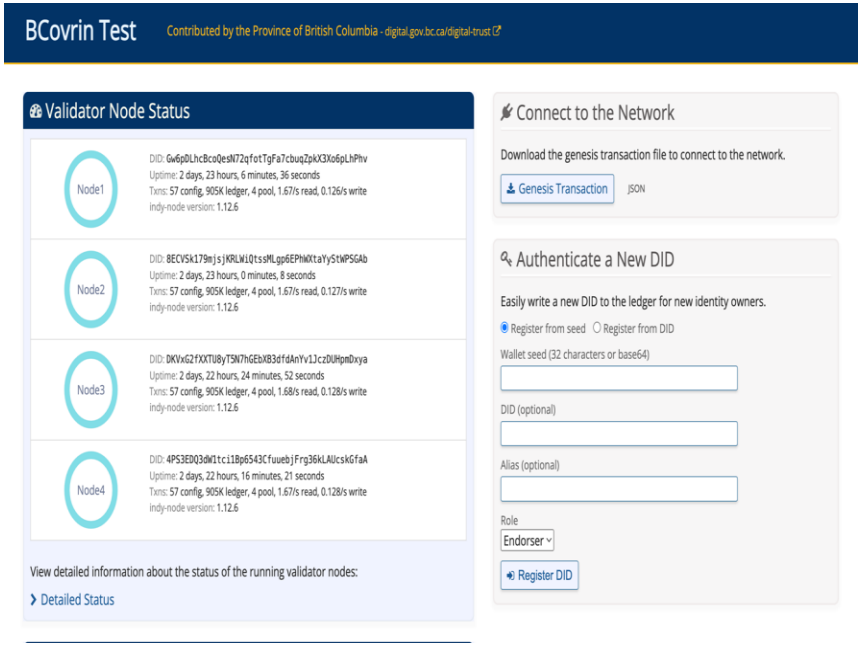
- BITCOIN is decentralized money.
- ETHEREUM is decentralized applications.
- INDY is decentralized identity.

Access \ Validation	Permissionless	Permissioned
Public	Bitcoin Etherium	Indy/Sovrin
Private	Enterprise Ethereum Alliance	Hyperledger Fabric Hyperledger Sawtooth R3 Corda

evernym

INDY IMPLEMENTATION: BCOVRIN TEST NET

Overview



Source: http://test.bcovrin.vonx.io/

This Medium post describes the Hyperledger Indy blockchain in details: https://drlee.io/identity-on-the-blockchain-with-hyperledger-indy-architecture-by-ernesto-net-7ce1a7e2732c

-It is a permissioned ledger

-It has no native cryptocurrency or token

-It operates the Plennum consensus protocol (RBPT), which is a variant of the Byzantine Fault Tolerant protocol (more than 1/3 corrupt nodes can corrupt the ledger).

-It can handle a high volume of transactions

-Immutability guarantees will depend on who controls the ledger nodes (e.g., single entity or decentralized entities)

Transactions between peers are not stored in the ledger

EACH NODE RUNS FOUR TYPES OF LEDGERS

Ledger: Ledger Types

Indy has multiple Ledgers (each with a separate transaction log and a merkle tree):

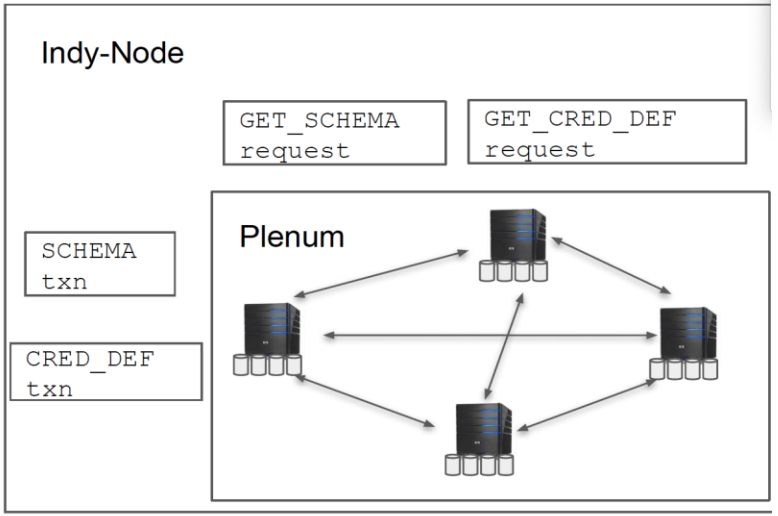
- Audit Ledger
  - Order across ledgers
- Pool Ledger
  - Transaction for every Node in the pool
  - Adding, editing, removing nodes
- Config Ledger
  - Pool config parameters
  - Used in transaction validation
- Domain Ledger
  - Identity-specific transactions
  - Application-specific transactions

- Plugins can add new ledgers

ARCHITECTURE OVERVIEW – CONSENSUS

Indy-Plenum and Indy-Node

- Indy-Plenum:
  - https://github.com/hyperledger/indy-plenum
  - Consensus Protocol
  - Ledger
- Indy-Node:
  - https://github.com/hyperledger/indy-node
  - Depends on indy-plenum
  - Identity-specific transactions



BYZANTINE FAULT TOLERANCE OVERVIEW

Definition: Byzantine Fault Tolerance (BFT) refers to the system's ability to function correctly and reach consensus even when some nodes in the network act maliciously or unpredictably.

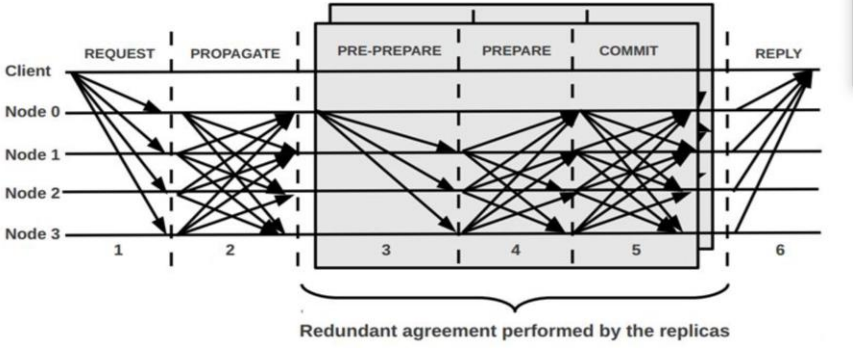
Importance: Ensures reliability and security in distributed systems where nodes may fail or act maliciously.

Basic Concept:

- **Fault Model:** Assumes that nodes can fail in arbitrary ways, including lying or colluding.
- **Consensus Objective:** Achieve agreement among non-faulty nodes on a common state or value.
- **Node Requirements:** Typically, to tolerate 'f' faulty nodes, a total of '3f + 1' nodes are needed.
- **Message Passing:** Nodes exchange messages to share their state and validate others' states to reach consensus.

REDUNDANT BYZANTINE FAULT TOLERANT MECHANISM

- **Redundancy Principle:** Incorporates additional nodes and layers of redundancy to enhance fault tolerance.
- **Phases of Consensus:**
  - **Pre-prepare:** Leader proposes a value.
  - **Prepare:** Nodes validate the proposal and broadcast their validation.
  - **Commit:** Nodes validate the prepare phase and broadcast commitment.
- **Final Decision:** Nodes make a final decision based on received messages from other nodes.
- **Redundancy Strategy:** Adds more nodes and layers to handle more complex fault scenarios.



CRYPTOGRAPHY OVERVIEW

Ledgers:

- Merkle Tree (Ledger)
- Patricia Merkle Trie (State)

Node-to-Node Communication:

- ZMQ (libsodium) as secure transport
  - CurveCP handshake
  - Authenticated Encryption

Authentication: Poly1305 MAC

Symmetric key crypto: XSalsa20

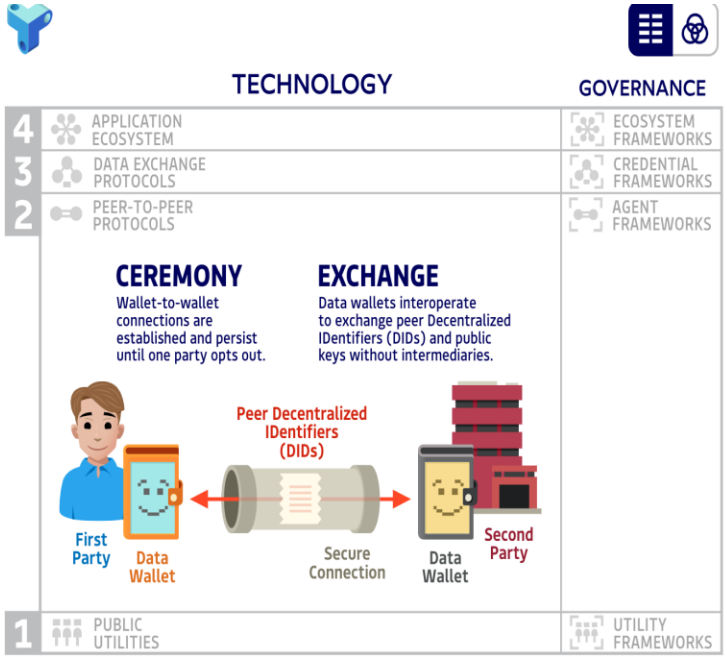
Public Key Crypto: Curve25519

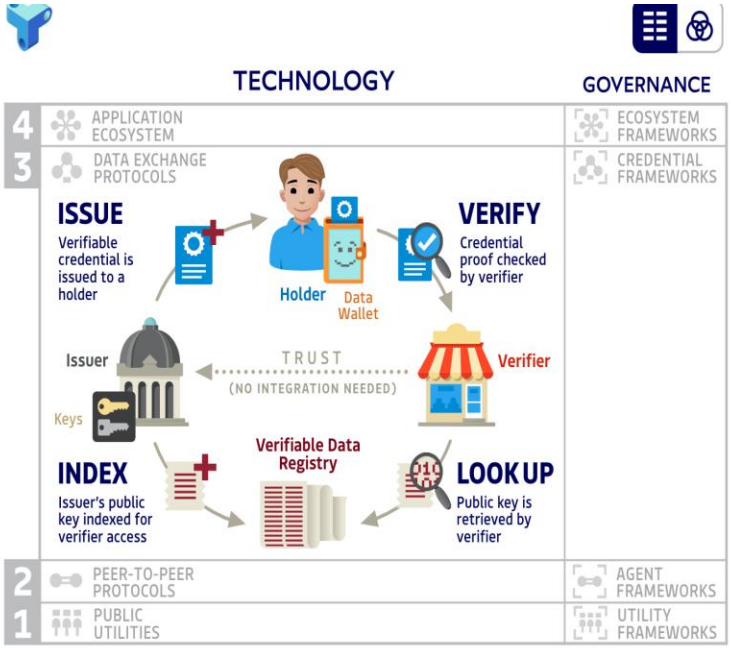
- No Digital Signatures
  - BLS multi-signature to sign merkle roots

Client-to-Node communication:

- Ed25519 Digital Signatures

TECHNOLOGY LAYERS 2 & 3 (DIDCOMM & DATA EXCHANGE)



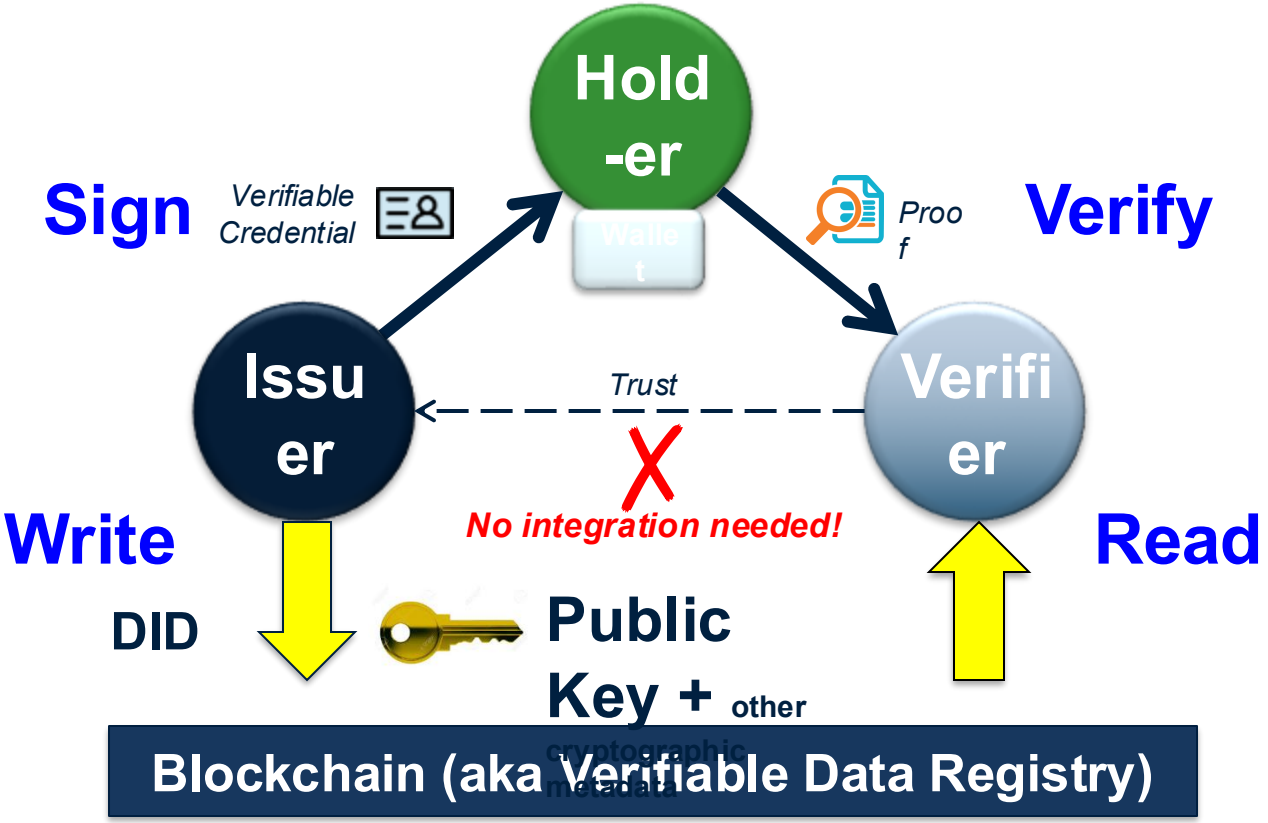


Decentralized Identity Components

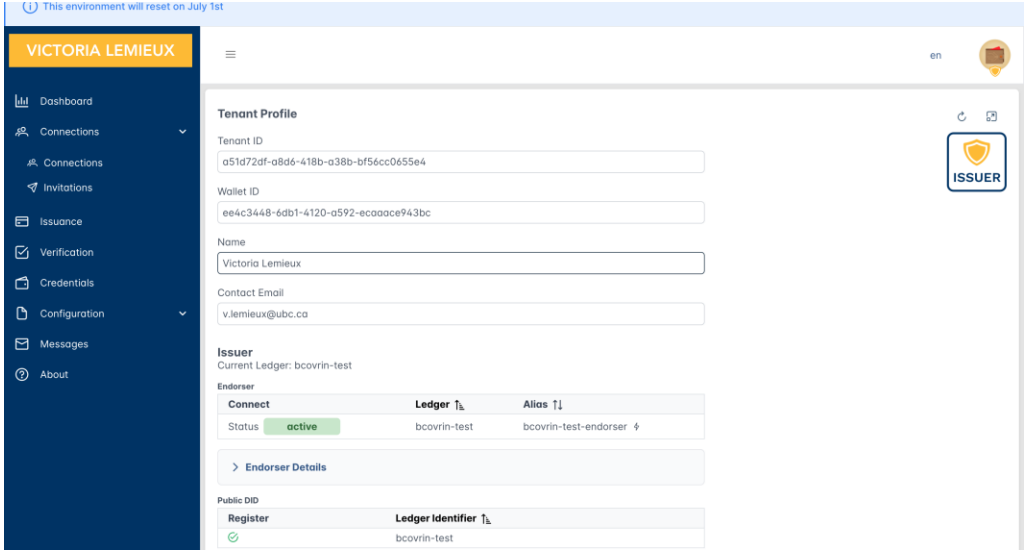
The essence Decentralized-ID is in creating open standards for a privacy preserving internet-wide identity layer — not owned by any one particular organization, but interoperable between all.

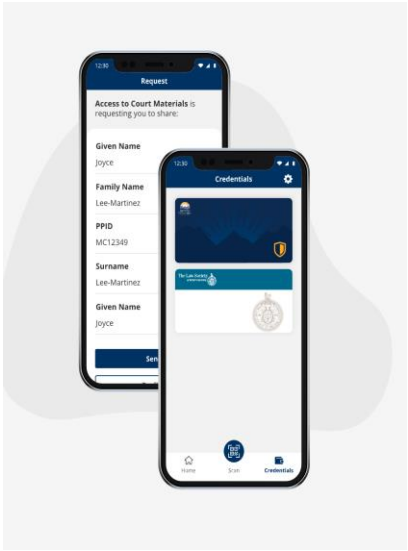
- DIDs
- DID Method (embedded in a DID Document)
- DID Specification
- DIDComm (Exchange Protocols)
- Verifiable Credential
- Agent/Digital Wallet

How Layer 3 works: Verifiable Credential Trust Triangle



PARTIES (AGENTS) INTERACT USING THEIR WALLETS





Cloud Wallet

Mobile Wallet

Agent/Digital Wallet

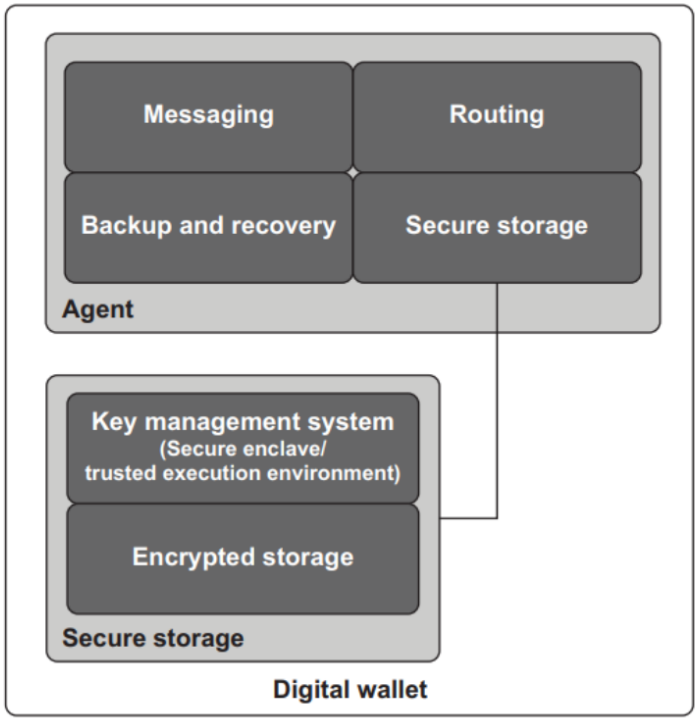
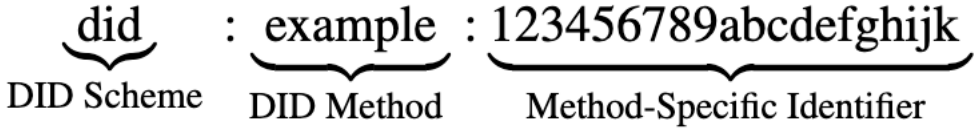


Fig. 4. Conceptual architecture of a typical SSI digital wallet and agent.[58]

REGISTERING A DID IN AN SSI BLOCKCHAIN REGISTRY USING HYPERLEDGER INDY (REFER TO LAB #!)



DID Method

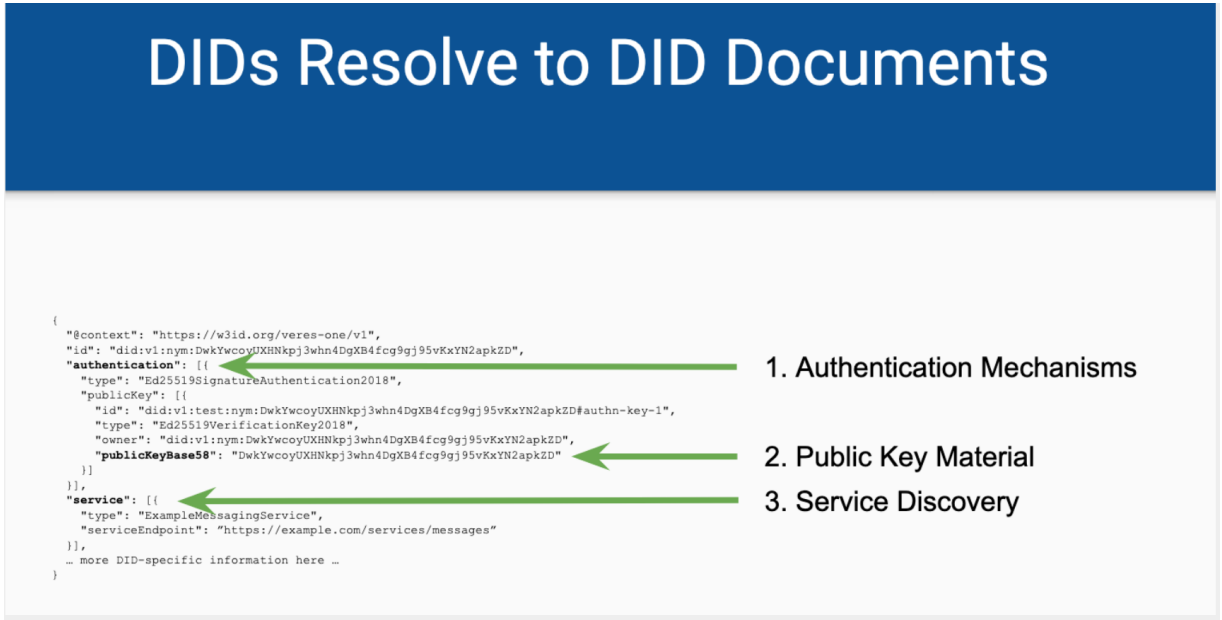
Listing 1. Example DID Document

```
{
 "@context": "https://www.w3.org/ns/did/v1",
 "id": "did:example:123456789abcdefghi",
 "authentication": [{
 "id": "did:example:123456789abcdefghi#keys-1",
 "type": "Ed25519VerificationKey2018",
 "controller": "did:example:123456789abcdefghi",
 "publicKeyBase58" : "H3C2AVvLMv6gmMNam3
   uVAjZpfkcJCwDwnZn6z3wXmqPV"
 }],
 "service": [{
 "id":"did:example:123456789abcdefghi#vcs",
 "type": "VerifiableCredentialService",
 "serviceEndpoint": "https://example.com/vc/"
 }]
}
```

Latest (2022) W3C Rubric for choosing a DIDMethod: https://w3c.github.io/did-rubric/

DIDDocs and Specifications

DIDS RESOLVE TO DIDDOCS
ENSURES INTEROPERABILITY BETWEEN DID SCHEMES, ALLOWING ANY STORAGE SYSTEM TO INTERACT WITH AND RESOLVE A DID.



DIDComm (Exchange Protocols)

1 Alice has a secret key (sk_a), a DID Document for Bob which contains an endpoint ($endpoint_{bob}$), and a public key (pk_b).
2 Bob has a secret key (sk_b), a DID Document for Alice which contains Alice's public key (pk_a).
3 Alice encrypts the plain text message (m) using pk_b, creates cipher text (ct_b).
4 Alice signs ct_b using sk_a to create a signature (σ).
5 Alice sends (ct_b,σ) to $endpoint_{bob}$.
6 Bob verifies σ using pk_a.
7 **if** *(Verified)* **then**
8 | Bob decrypts ct_b using sk_b.
9 | Bob reads m.
10 **end**

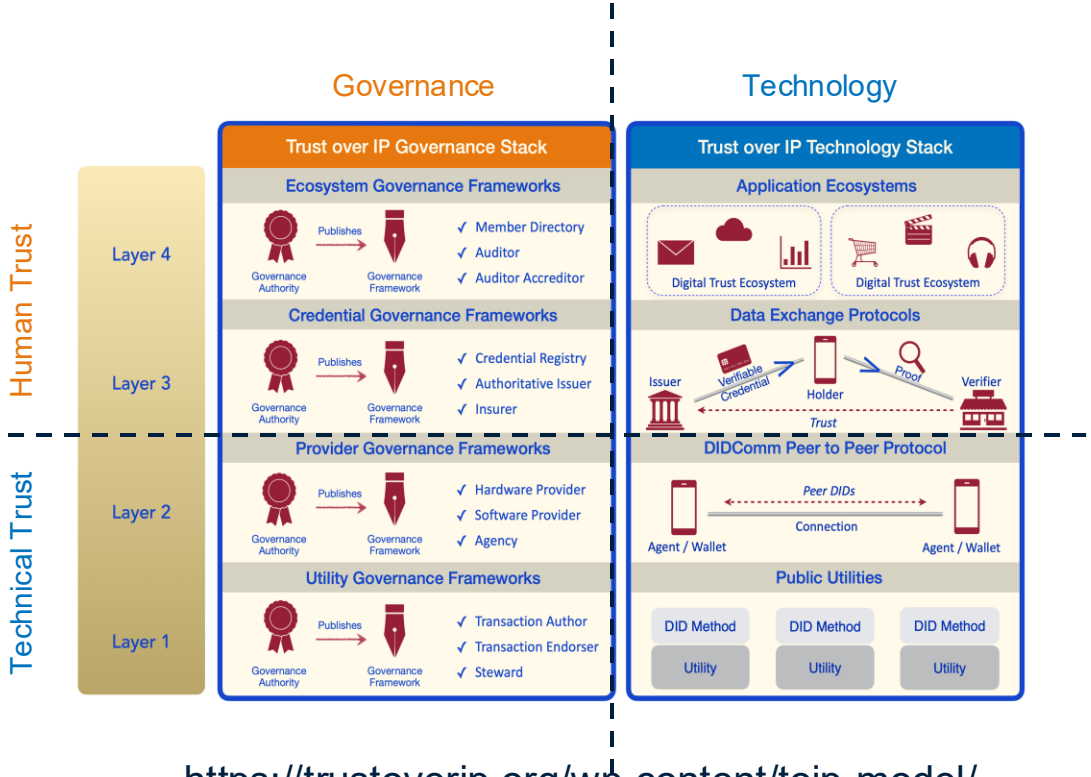
Variety of exchange protocols

- DIDComm (DIF)
- CHAPI (DIF)
- OIDC4VC (OpenID)
- mDL (ISO/IEC)
- WACI-Pex (DIF)
- VC-HTTP-API (CCG)

See: https://decentralized-id.com/ecosystem/

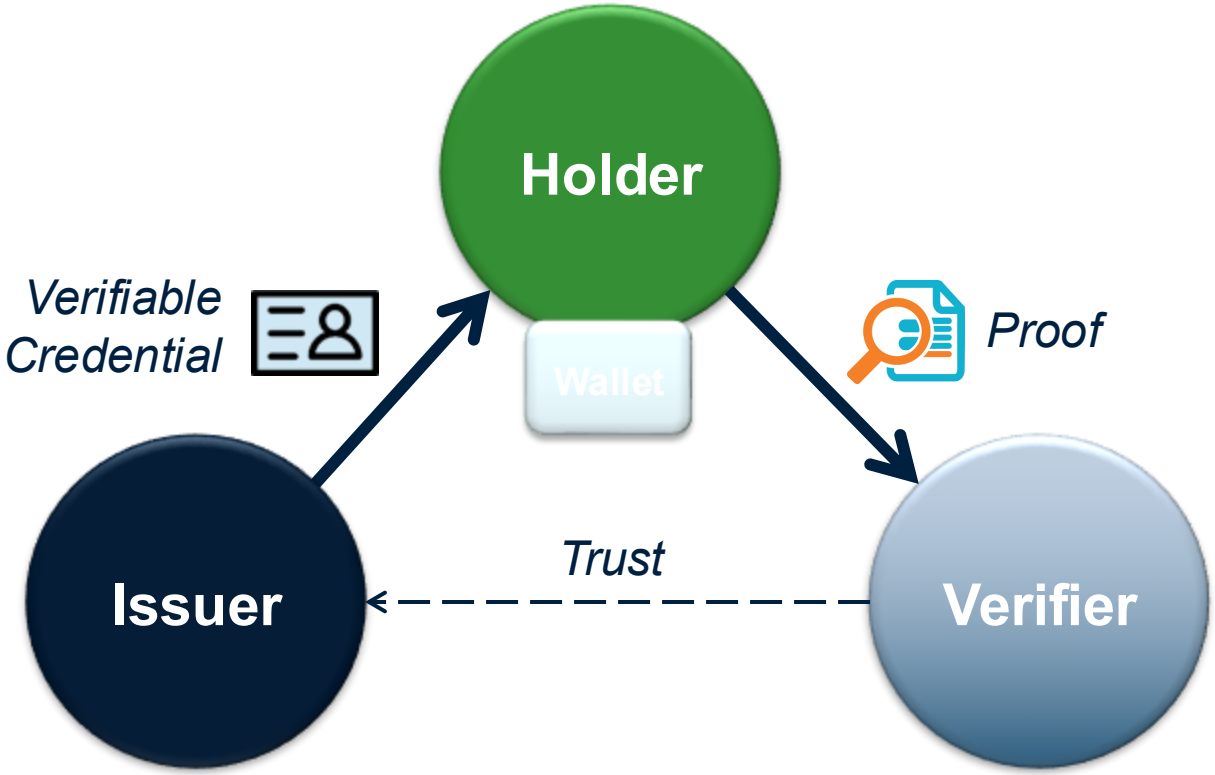
GOVERNANCE

THE DECENTRALIZED IDENTITY STACK

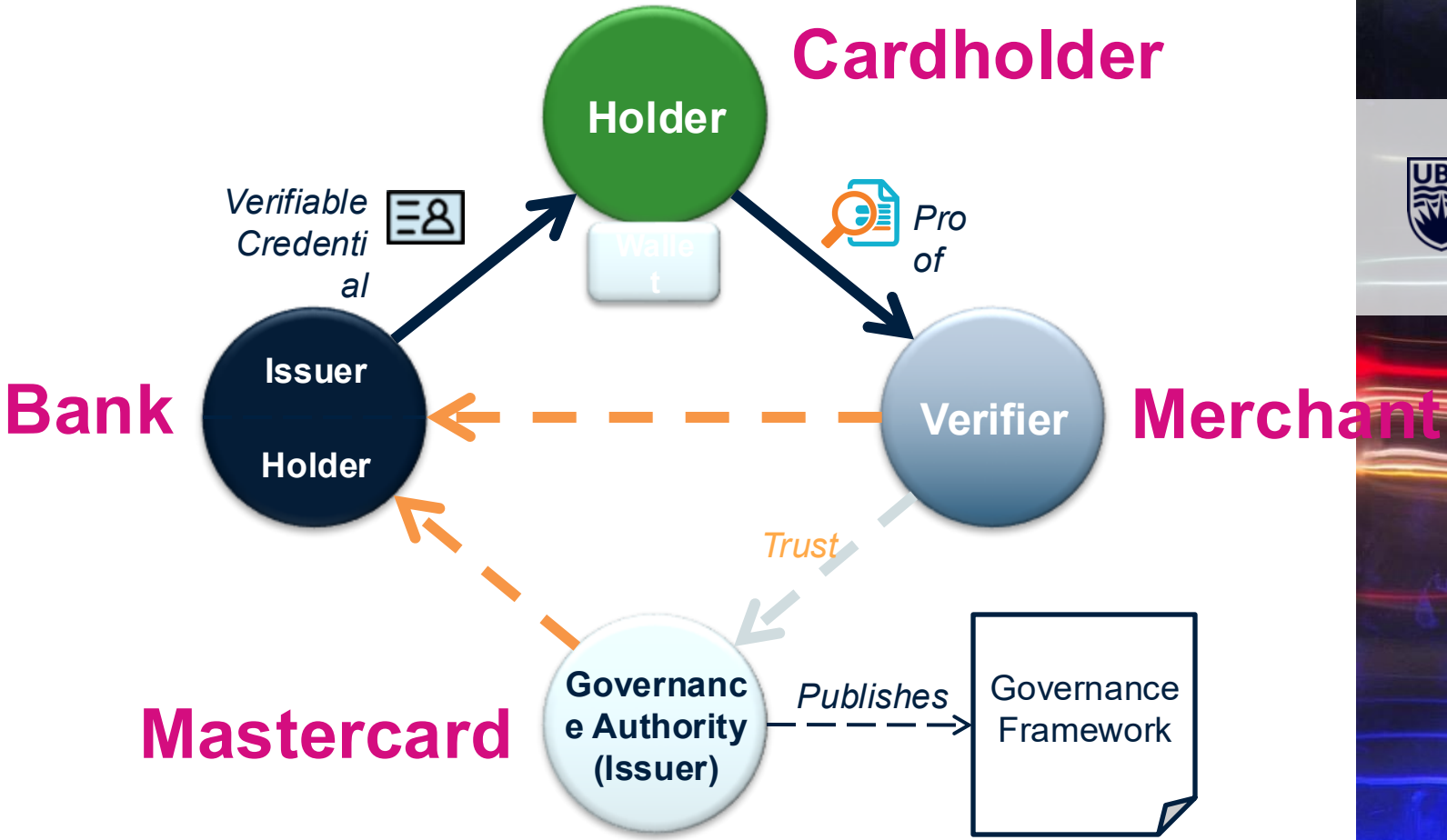


https://trustoverip.org/wp-content/toip-model/

How can verifiers know all the issuers?



The governance trust triangle



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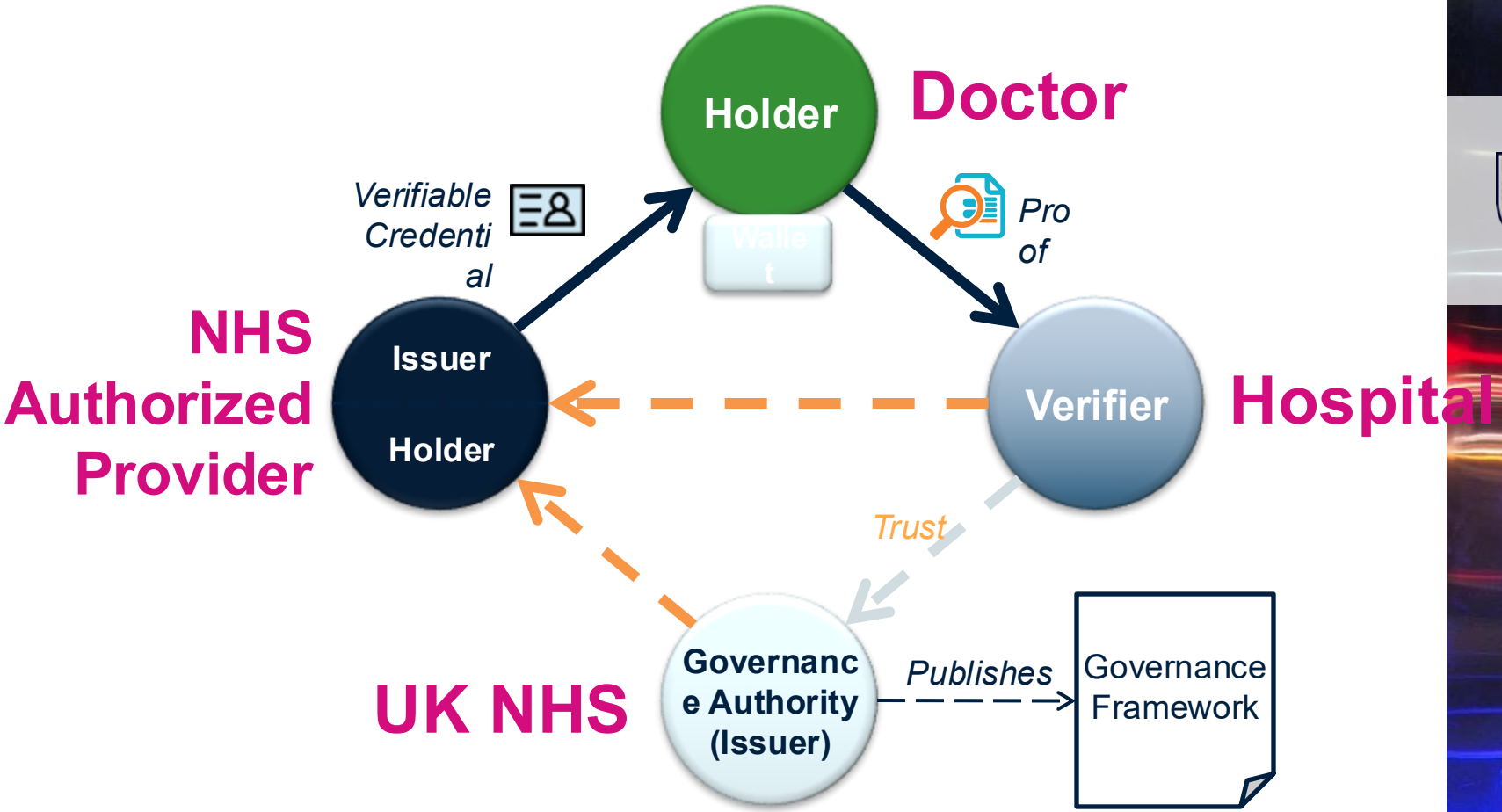
Example: the doctor's passport



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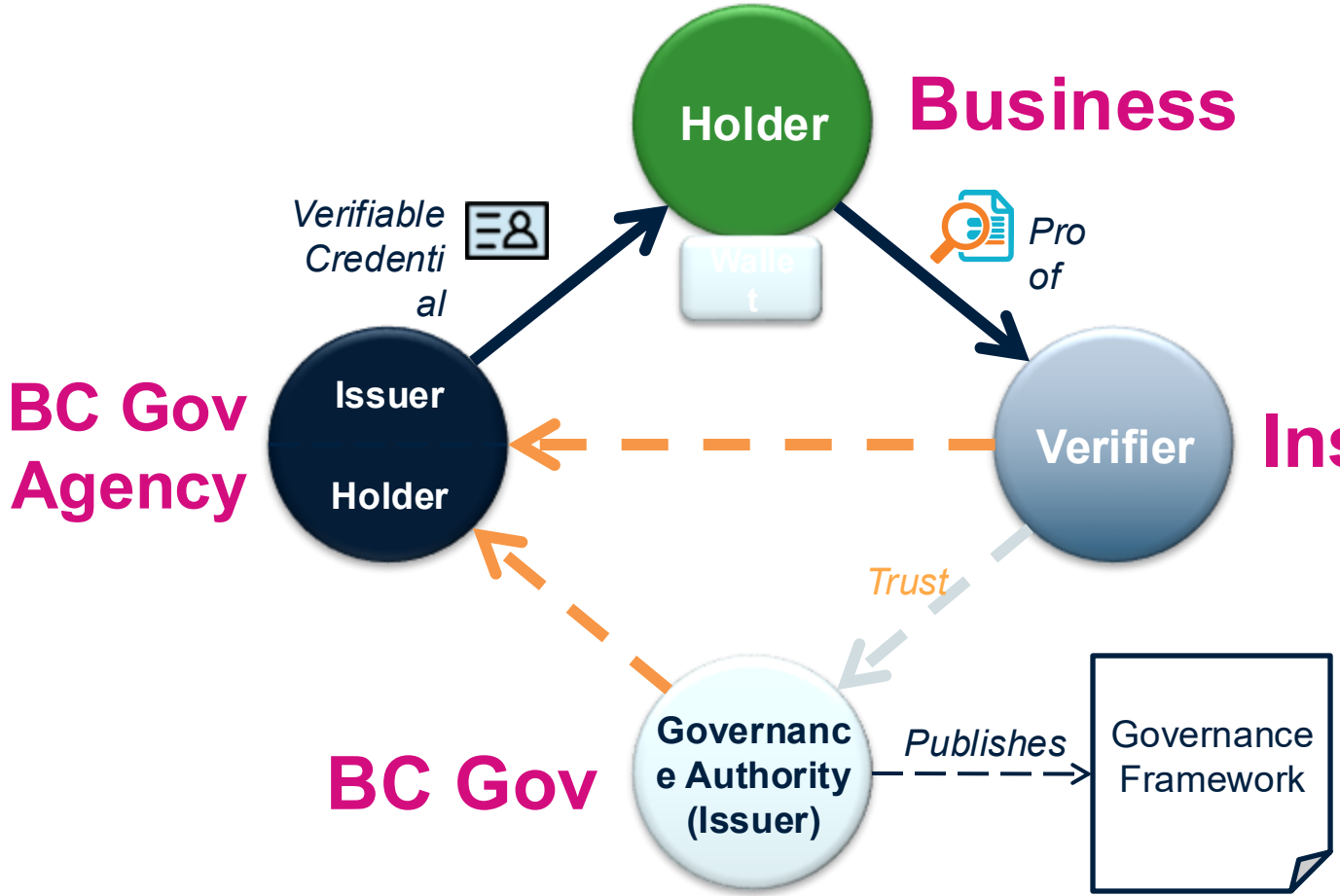
Example: BC Gov digital trust ecosystem



SETTNG UP AN SSI BLOCKCHAIN REGISTRY (DEMO)


Chrome File Edit View History Bookmarks Profiles Tab Window Help
Wed Jul 10 9:13 PM
New Tab
SSI_L2_Video1_front back_V
Soapbox - Recording
onedrive.live.com/edit.aspx?resid=6F01F46DC412D198!1473&cid=6f01f46dc412d198&CT=1720636118619&OR=ItemsView
DEC | INSTITUTE
Decentralized MOOC Level 2
July 2024
Self-Sovereign Identity (SSI) – Level 2
Victoria Lemieux, Professor
The University of British Columbia
soapbox.wistia.com is sharing your screen.
Stop sharing
Hide
Desktop Folder

EXCHANGING AND VERIFYING VERIFIABLE CREDENTIALS (DEMO)


My files - OneDrive
SSI_L2_Video2_front back_
Soapbox - Recording
onedrive.live.com/edit.aspx?resid=6F01F46DC412D198!1475&cid=6f01f46dc412d198&CT=1721159345402&OR=ItemsView
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Self-Sovereign Identity (SSI) – Level 2
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CASE STUDIES

USE CASE EXAMPLE 1: ACCESS TO COURT SERVICES

Solution

The Law Society of British Columbia collaborated with the B.C. Government's Digital Trust and Identity Program on a project that established 3 new pillars of digital trust.

- The Law Society of BC issued a Member Card digital credential to a lawyer, proving they're a lawyer in good standing
- A Person credential, an online identity based on information from their BC Services Card, was also issued to the lawyers
- Both digital credentials were integrated into the BC Wallet, a user-friendly and secure digital wallet smartphone app
- Lawyers then used their digital credentials and BC Wallet for swift and secure access to court services.

https://digital.gov.bc.ca/digital-trust/justice-project/

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USE CASE EXAMPLE 2: MANAGE CONSENT FOR HEALTH DATA EXCHANGE

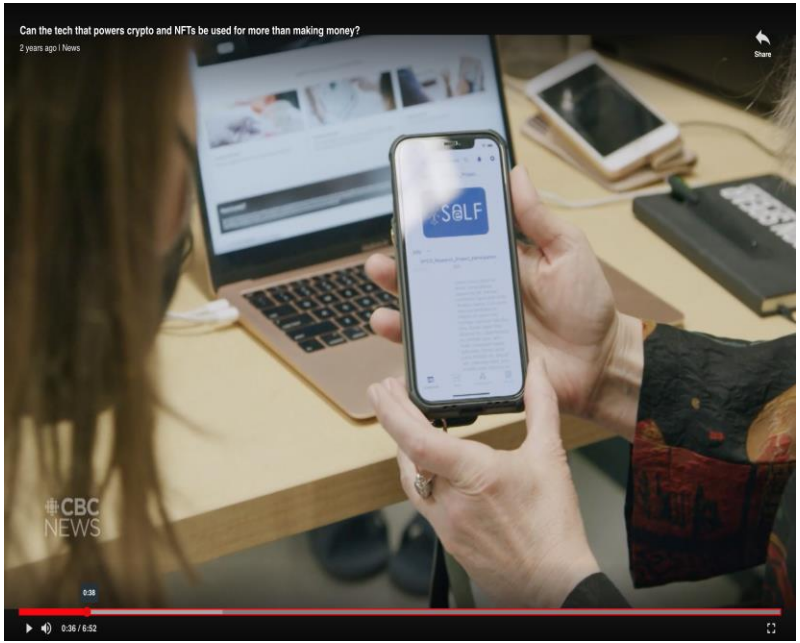
Solution

Health researchers must comply with laws and regulations that require them to:

- Validate a person's identity
- Provide proof of consent for data sharing (What data? What use? How long?)
- Retain audit-ready consent evidence (for both partners + regulators)

Compliance with laws and regulations can slow health innovation, such as the discovery of new treatments for Cancer

Molecular You, a health intelligence company, and Blockchain@UBC at The University of British Columbia developed a solution to manage granular and dynamic consent using verifiable credentials



https://www.cbc.ca/player/play/video/1.6412429

USE CASE EXAMPLE 3: PROOF OF SUSTAINABLE MINING

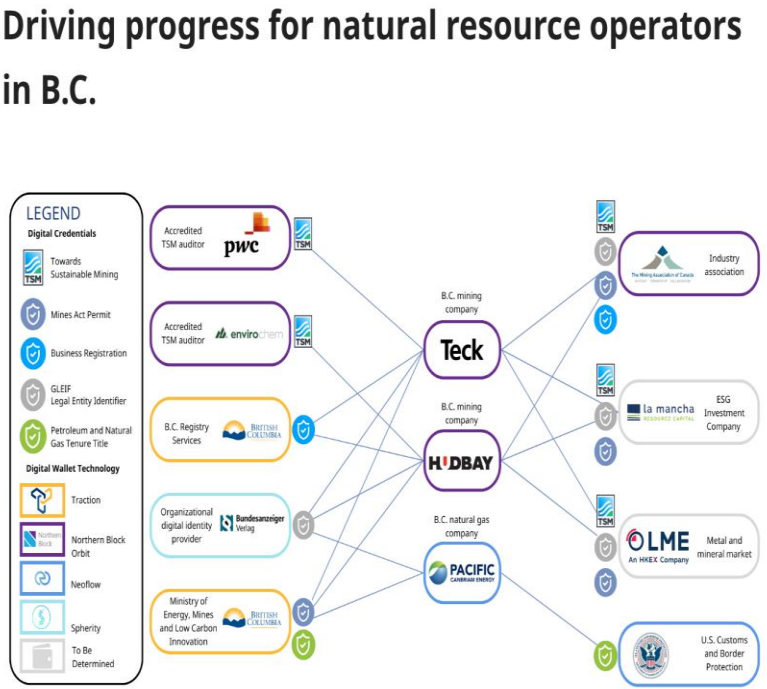
Solution

The Towards Sustainable Mining Program (TSM) program of the Mining Association of Canada (MAC) measures mining companies against 9 protocols.

- Commitment to biodiversity
- Water stewardship
- Health and safety
- Participating mines must report their progress annually.

Through collaboration with the Energy & Mines Digital Trust, MAC is exploring the opportunity for mining operators to submit their TSM scores using digital credentials, fulfilling their membership requirements securely and efficiently.

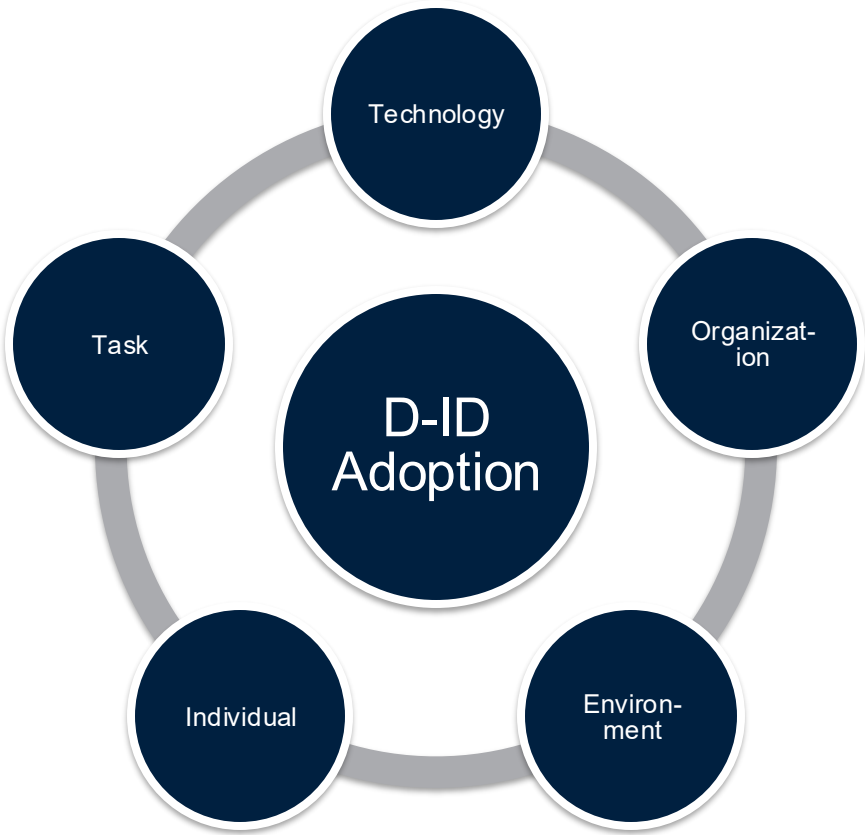
Mines can continue to use digital credentials to share their ESG performance to anyone who asks, including customers and investors.



https://digital.gov.bc.ca/2024/06/25/energy-mines-digital-trust-pilot/

ISSUES AND CHALLENGES

Technology adoption means Addressing issues and challenges . . .



CRITICAL ANALYSIS

QR Code Security

- Observation: QR codes can be insecure and subject to Man-in-the-Middle Attacks (a cyberattack where the attacker secretly relays and possibly alters the communications between two parties who believe that they are directly communicating with each other, as the attacker has inserted themselves between the two user parties). However, EDMT uses DiDComm which signs all messages passed between peers, ensuring that communications cannot be intercepted and forged.
- Suggestion: Always use DiDcomm for credential exchange (or some other secure form of communication)

CRITICAL ANALYSIS

Competence of Authority for Credential Issuance

- Observation: Our demo does not incude a check that the credential is issued by the competent authority
- Suggestion: Need to set up a governance framework so that subsequent verifications check to ensure that the credential has been digitally signed by the competent authority (their VerKey which can be searched up on the blockchain)

CRITICAL ANALYSIS

Social Trust in the Governance Authority

- Observation: Individuals may not trust the credential issuing authority e.g., a government
- Suggestion: Need to set up a governance framework so that there are safeguards and limitations to avoid abuse of power/human rights violations/exclusion of disadvantaged groups

Sask. Politics / Saskatchewan

Sask. government stops pursuit of potential digital ID

Saskatchewan is pausing the process to bring a new digital ID into the province, the government announced Thursday.

Regina Leader-Post

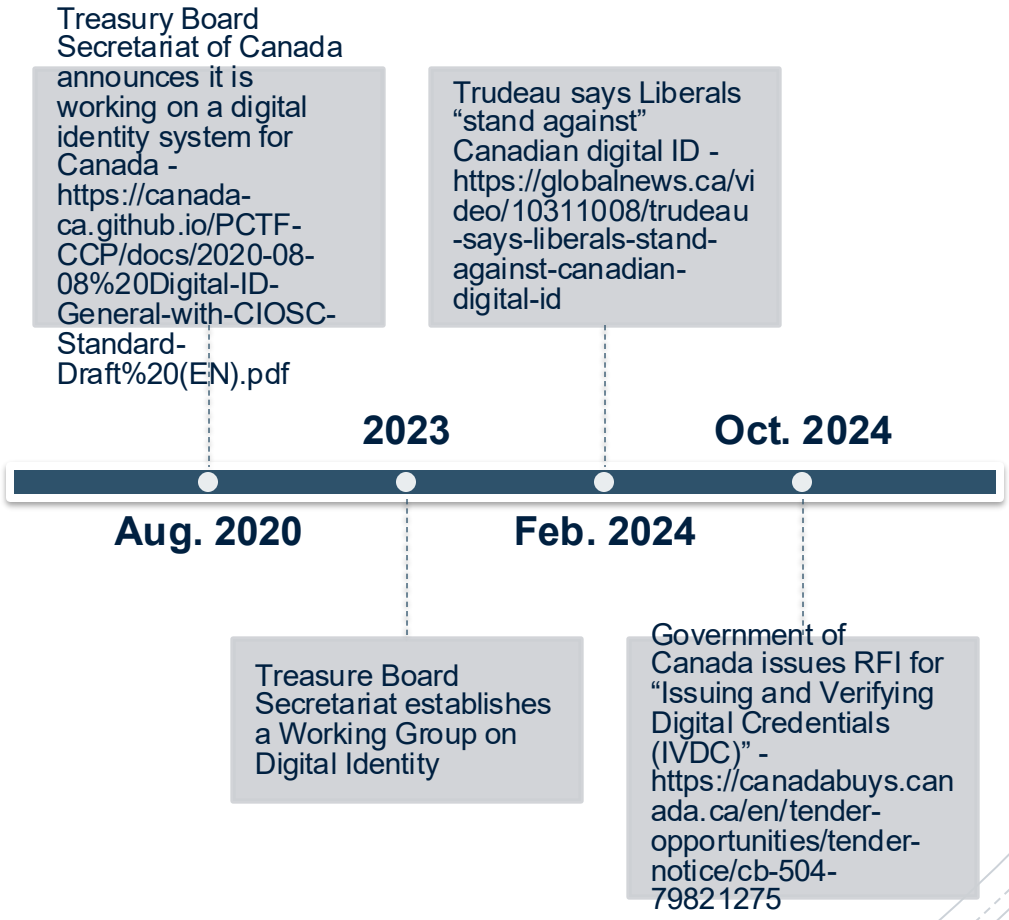
Published Mar 31, 2022 • 3 minute read

8 Comments

Reiter said he heard concerns from people about potentially implementing digital ID, even though he previously stated the province wanted to make it easier to access government services.

One of the main concerns has been privacy. From its inception, Reiter had said it would not be mandatory.

Decentralized identity in Canada – Watch this space!

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