



## QUICK GUIDE

# Optimizing Identity Management With Data and Analytics

Lenders are facing continued pressure to accelerate their digital operations and deliver seamless, cross-channel user experiences. Yet, with post-pandemic fraud activity driving identity risk concerns, the friction resulting from additional fraud defenses is standing in the way of meeting consumer expectations — and threatening to impact bottom lines.

Of course, fraud is already costing issuers significantly at each stage of the consumer lifecycle. The average spend to acquire a new account can exceed \$200, yet abandonment rates often climb above 50%. As well, many lenders incur \$8–\$12 of manual review expenses for each application, and in 2022, suspected synthetic identities were attributed to \$4.6B in outstanding balances on US credit products.<sup>3</sup>

With the right identity and fraud strategies, issuers can take the steps needed to protect against escalating threats while minimizing friction that impacts delivery goals. Fortunately, this can be done by **properly employing data and data signals** with an expanded view of consumer identity.



Between 2019 and 2021, the rate of suspected digital fraud **grew 52%**<sup>1</sup>



In 2023 alone, card lenders are estimated to have **lost \$3.2B** to application fraud<sup>2</sup>

## SECURE THE APPLICANT EXPERIENCE

**93 million consumers have abandoned a financial product application that felt too difficult or time consuming.**<sup>1</sup>

Common measures for preventing fraud at origination can compromise the user experience and result in loss of business. Unfortunately, many issuers lack the robust digital capabilities needed for opening accounts, while others might rely on multiple systems. Both cases are targets for fraudsters — not to mention layering on services could send consumers packing.

**How data and analytics can help:** Quickly verifying multiple data sources to confirm an applicant's identity — including contextual identity signals, and identity and device behaviors within and across industries — allows issuers to spot and respond to risks without encumbering legitimate applications. In fact, a TransUnion study on customer data found looking at the device profile and digital identity together improved fraud detection rates by 133%.<sup>3</sup> Specific fraud threats can then be further defined using sophisticated, predictive models.

## OFFER SEAMLESS, SAFE AUTHENTICATION

**46% of financial institutions reported having no way of detecting one-time passcode fraud.<sup>1</sup>**

Though less than 2% of calls into financial services call centers are considered high risk,<sup>1</sup> consumers are often burdened with uniform authentication processes — something that occurs across channels whether authenticating via phone, online, email or text. When issuers aren't able to scrutinize interactions and authenticate customers without undue friction, they risk losing business.

**How data and analytics can help:** 63% of surveyed consumers said they want to be explicitly authenticated to access their online accounts.<sup>4</sup> Profiling devices or device identities used in a transaction — whether digital or with a contact — allows issuers to passively authenticate legitimate customers digitally or on the phone rather than requiring proof of identity at every interaction. Issuers that can more accurately identify high-risk calls and transactions while making it easier for customers to resolve issues are more likely to see an increase satisfaction and loyalty.

## LAYER ON ACCOUNT PROTECTIONS

**Between 2021 and 2022, TransUnion analysis revealed the number of synthetic identities used to open new credit card accounts grew 31%.<sup>3</sup>**

Account takeover, social engineering, synthetic identity fraud and other threats to customer accounts can exploit weaknesses across channels, ultimately leading to preventable losses.

**How data and analytics can help:** Assessing risk associations within your customer base and flagging those identities help identify anomalous behavior in real time, adding more account-level management protections. For instance, by impacting only 0.7% of accounts, one issuer was able to reduce likely charge-offs by 10%–15%. Plus, enabling early warning alerts of fraud-like behavior within accounts can help minimize exposure to the threats most likely to evade identity-focused, account opening controls.

## RESOLVE FRAUD CONCERNS QUICKLY

**93% of surveyed fraud executives said they were likely to make substantive changes to application fraud controls to improve total ROI.**

Additional contact information is often needed to resolve questions about suspect applications or accounts, but 60% of CRM data is often out of date within two years and declines as much as 15% per month post-acquisition.<sup>5</sup> When issuers are unable to reach account holders, the time and manual resources needed for resolution increases and becomes more costly.

**How data and analytics can help:** When reviewing suspect applications or accounts, investigative tools that quickly make sense of a broad array of linked data can lead to faster, better decisioning. With a more streamlined review process, issuers can validate more consumer identities when red flags are triggered, and confirm more suspect outliers, linkages and patterns.

A large credit card provider was experiencing a 63% drop-off in applications due to excess friction. The lender applied more robust identity verification and authentication processes, resulting in:

**50%  
reduction  
in fraudulent  
applications**

– saving approximately \$1.5 million annually<sup>6</sup>

**13%  
reduction  
in abandoned  
applications**

– leading to over 51,000 new applications submitted with a potential revenue gain of \$12.3 million USD<sup>6</sup>

<sup>1</sup> 2022 Global Digital Fraud Trends Report, TransUnion

<sup>2</sup> 2023 Aite Report: Application Fraud: Accelerating Attacks and Compelling Investment Opportunities

<sup>3</sup> 2023 TransUnion consumer credit database

<sup>4</sup> 2023 State of Omnichannel Fraud Report, TransUnion

<sup>5</sup> Marketing data from Neustar, a TransUnion company

<sup>6</sup> TransUnion Data

Learn how TransUnion data and analytics solutions can help maximize your identity management efforts. Contact your TransUnion account executive or visit:

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