

# Top market drivers in financial account opening

## Introduction

Like so much of our world, financial account opening is evolving, and evolving rapidly. From emerging complex fraud schemes to increasing customer expectations, keeping pace may seem impossible—but it isn't! It just takes the right strategic approach that can respond and flex to new and changing market drivers. Below you'll find five trends that are driving changes for financial organizations and their account opening practices.

### 1. Fraud is big business

Mass data compromises and the resultant losses are fueled by the industrialization of fraud through both domestic and international crime rings. These exploits net enormous returns, making fraud a lucrative business. Other factors that are intensifying the acceleration of identity fraud include the low cost of and easy access to stolen data, including clean identities, and the speed at which criminals can sell and exploit pilfered information.

Of course, the immediate fallout from breaches is real and potentially devastating for consumers and businesses. However, the latent risk of future exploitation may present an even greater threat, given that:

- Breached data is effectively unrecoverable.
- Compromised personally identifiable information (PII) remains so indefinitely.
- Stolen identities can stay accessible for years.
- It's costly, difficult or impossible for consumers to change certain core PII and contact information.

### 2. Customer expectations

When transacting with payment instruments online or offline, customers expect to be recognized, treated courteously and able to conclude purchases without being delayed or inconvenienced. Invariably, declined transactions create friction for customers, and when smart systems designed to mitigate fraud mistakenly decline valid purchases, the damage to a card issuer or merchant's reputation is a major risk.

For example, 83 percent of respondents in a recent Experian study reported feeling frustrated or upset about being



declined, and a similar number said they felt betrayed or not trusted. Thirty-eight percent blamed the card company for the denial, while nearly one in three pointed to the merchant.

### 3. Omnichannel expansion

Today, 36 percent of companies interact with customers in five or more channels, according to an Experian Marketing Services study. This expansion of customer channels significantly complicates the processes by which institutions and agencies form a comprehensive and accurate view of a customer, which naturally elevates the risk of device and identity fraud. Unfortunately for businesses and institutions, fraudulent activity in one channel decreases brand confidence and customer loyalty across all channels, increasing the need for greater security at every consumer touch-point.

### 4. Europay MasterCard Visa (EMV)

As U.S. merchants and institutions continue to adopt EMV credit card standards, there is a genuine opportunity to enhance customer convenience and security. But first, they must overcome the many challenges in implementing payment terminals and point-of-sale technologies — including educating a largely unfamiliar public of EMV's benefits. EMV has shifted the current distribution and frequency of various fraud attacks and types, with most data revealing a migration from card counterfeiting to card-not-present

(CNP) fraud perpetrations. Managing the EMV migration requires time, attention and resources that can distract businesses from managing other strategic and security-related initiatives already in place.

### 5. Keeping pace with complete customer intelligence

Customer intelligence provides a holistic view of devices and identities that equips you with the tools to balance cost and risk without increasing transactional friction.

Identity authentication:

- Verify all identity points.
- Flag high-risk factors.
- Evaluate velocity and associations.

Device intelligence and risk:

- Discern device risk and trust.
- Ascertain device velocity and associations.
- Discover known history and fraud associations.

The best customer intelligence is neither identity- nor device-oriented, but rather an intentional, intelligent combination of the two. This dual strategy enables organizations to conduct risk assessment and segmentation confidently while streamlining the customer journey and enhancing their experience with your organization.

Are you ready to future-proof your account opening practices so you can easily adapt to changing market trends? We're here to help.

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