



THE STATE OF DIGITAL ACCOUNT OPENING TRANSFORMATION

Optimizing the Digital Account Opening
Customer Experience

SURVEY RESULTS





Tom Field
Senior Vice President, Editorial

The State of Digital Account Opening Transformation

A poor customer experience and insufficient security in the account opening process has been shown to directly and negatively impact long-term customer loyalty, retention and profitability. So, how do you provide a better and more secure customer experience in the digital account opening process?

New technologies - digital identity verification, facial comparison, e-signature, liveness detection, biometrics, and more - are helping banks reinvent how they attract and convert new applicants into happy customers during the digital account opening process while reducing abandonment rates and application fraud.

So, what is current transformational state of digital account opening?

This is the key question we seek to answer in this new State of Digital Account Opening Transformation survey.

More than 100 respondents from primarily North American banking institutions participated in the study, which was aimed at helping participants answer the question, "How do I provide a superior customer experience while securing my customers' digital customer journey?"

According to the survey, 85% of institutions currently offer digital account opening, and 60% want to improve the customer experience and acquire new customers digitally this year. But they face significant obstacles.

Read on for the full survey results, as well as expert analysis of how to put this information to use to improve your customer's experience with a secure digital account opening process.

Best,



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This survey was conducted online in the winter of 2019-2020, and it generated more than 100 responses from financial institutions, primarily in the U.S. Thirty-seven percent of the respondent base was from financial institutions with \$40 billion or more assets under management.

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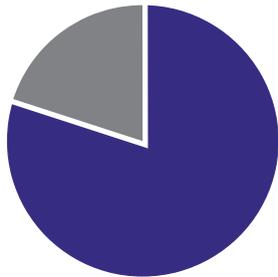
About OneSpan:

OneSpan enables financial institutions and other organizations to succeed by making bold advances in their digital transformation. We do this by establishing trust in people’s identities, the devices they use and the transactions that shape their lives. We believe that this is the foundation of enhanced business enablement and growth. More than 10,000 customers, including over half of the top 100 global banks, rely on OneSpan solutions to protect their most important relationships and business processes. From digital onboarding to fraud mitigation to workflow management, OneSpan’s unified, open platform reduces costs, accelerates customer acquisition and increases customer satisfaction. Learn more about OneSpan at [OneSpan.com](https://www.onespan.com)



By the Numbers

Some statistics that jump out from this study:



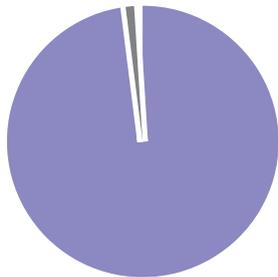
80%

of financial institutions identified improving the customer experience as their #1 business objective in the digital account opening process in 2020.



90%

of financial institutions stated automating the digital account opening process is a priority in 2020.



99%

of financial institutions stated level or increased budget dedicated to digital account opening in 2020.

The State of Digital Account Opening Transformation

At the outset of this research project, two facts were clear from observations of current financial services trends:

Digital Banking Remains in Growth Mode – In the age of the smartphone, “digital first” is the preference of banking customers of all generations, but especially millennials who are beginning their banking experiences. For many, it is not a matter of “digital first” but rather “digital only” – hence the urgency for banking institutions to enable digital account opening.

And yet institutions have to overcome some inherent challenges, which include a lengthy application process and requirements to visit branches to complete applications. The mobile experience at many institutions that can be described at best as “sub-optimal.”

Digital Account Opening Is in its Own Transformation – Some institutions have deployed robust digital account opening programs that do not rely on in-person visits and less-than-optimal mobile experiences. Yet, many institutions still have either have just begun this process or are planning for digital account opening.

Accepting these conditions, this research project unearthed results that can be summarized for three categories of financial institutions amidst their digital account opening transformations:

- **Early Adopters** – Financial institutions that have embraced digital account opening;
- **Early Majority** – Financial institutions that have begun the transformation;
- **Late Majority** – Financial institutions that have not started the digital account journey.

Here is what the survey finds for each category:

Early Adopters

Some characteristics common to the early adopter institutions:

- **They Understand the Challenge** – For 80% of respondents, the goal is to improve the customer experience and acquire new customers. These institutions understand that the combination of poor customer experience and poor security causes banks to lose both customers and money. In fact, 60% of respondents agree that poor customer experience, either because it required a branch visit, required too many different channel interactions, or the process took too long, is the top reason applicants dropped out of the digital remote account opening process.
- **They Embrace Digital** – 56% of respondents say their account opening processes today are “Completely convenient and 100% digital.” And when a new customer opens a digital account, the early adopters are embracing modern means to verify identities, including:
 - » Multi-layered identity verification process – 42% of respondents;
 - » Multi-layered identity verification and e-Signature process - 26% of respondents.
- **They Proactively Prevent Fraud** - Fifty-one percent of respondents say they do an excellent job onboarding and verifying digital identities and have few if any resulting security/fraud incidents.

- **Digital Account Opening is a Top Priority** – Not only do 68% of respondents say that digital account opening is an active initiative at their institutions in 2020, 35% say it is the top priority because they are losing customers who are giving their business to other banks and lenders that offer this ability.

Priorities for these institutions include streamlining the digital onboarding process for new applicants (80% of respondents).

More, 41% expect a budget increase of between one and 10%, and their investment priorities include new tools such as:

- Digital Identity document verification – 60% of respondents;
- Artificial intelligence and machine learning – 36% of respondents;
- Electronic signatures – 34% of respondents.

Not only do 68% of respondents say that digital account opening is an active initiative at their institutions in 2020, 35% say it is the top priority.

Early Majority

For the early majority of institutions, the storyline changes significantly.

- **It's Still About the Branch** – 59% of institutions say their primary method for opening new customer accounts remains in person, at the branch. Thirty-seven percent say that customers start the account opening process online or mobile, but then must come into a physical branch to verify their identity.
- **Fraud Is Rampant** – Thirty percent of respondents say that fraud is experienced during the digital account opening process between 6 and 25% of the time. And it is fair to say the process is to blame, as respondents say:
 - » 85% of all respondents experience fraud in their digital account opening process.
 - » More than 50% of respondents continue to have security or fraud incidents as a result of their digital account opening application process.
- **Digital Account Opening Is a Priority** – As opposed to the early adopters, this group is among the 55% of respondents who say that streamlining the customer identity verification experience rate is a priority ... but it is not the top priority for 2020.

Late Majority

The state of affairs for this group can be described as:

- **Behind the Times** – These are the seven percent of financial institutions that say customers must come into a physical branch for a 100% manual, paper-based account opening process. They are among the 51% who say their digital account opening process is not secure and results in many security/fraud incidents. Further evidence of being behind the times:

- » Less than 10% growth in a year in digital account openings. A year ago, just 11% of respondents opened more than half of their new accounts digitally or remotely. Today, only 17% of respondents open more than half of their new accounts digitally or remotely.
- » And for those offering digital account opening processes, their processes are painfully slow:
 - 83% say their processes take more than 5 minutes, which is considered the gold standard for account opening.
 - Nearly 40% of respondents' digital account opening processes take longer than 10 minutes.
- **Legacy Laden** – These institutions are among the 15% that do not even offer digital account opening as an option. Their biggest obstacles to evolving their account opening processes:
 - » Our systems are tied to legacy, manual identity verification processes – 49% of respondents;
 - » Our knowledge-based authentication tools are cumbersome and add friction to the onboarding process – 35% of respondents.

2020 Vision

With these communities of financial institutions in mind, and weighing the challenges they articulate in this survey, these conclusions are clear:

Digital Account Opening Is Active and Accelerating – 85% of banks currently offer a form of digital account opening today, either semi-automated (through one digital channel) or not automated (no digital channels). And 80% want to improve the customer experience and/or acquire new customers digitally in 2020. Digital account opening is gaining momentum.

Legacy Technologies Are a Barrier – Just look at the obstacles that the financial institutions report. Fifty-nine percent say their primary method for opening new accounts is in person, at the branch. Further, 49% say their systems are tied to legacy, manual identity verification processes. And 35% say their knowledge-based authentication tools are cumbersome and add friction to the new account opening process. Institutions need to find and invest in that critical balance of the account opening process being both convenient and secure.

It Is Time to Invest in the Future – The most encouraging news for survey respondents is that 99% of them will have level or increased budgets dedicated to digital account opening in 2020. For 68%, improving the digital account opening process will be an active initiative at their institution. Nearly the same number of institutions intend to introduce new technologies, including those that rely on biometrics or behavioral biometrics to streamline the identity verification process. Among some of the specific investment priorities:

- Digital Identity document verification – 60%;
- Artificial intelligence and machine learning – 36%;
- Electronic signatures – 34%.

With this executive summary in mind, please read on now to review the full survey highlights, which break down into three categories:

- **Baseline Questions**
- **State of Digital Account Opening**
- **Digital Account Opening in 2020**

Following the charts, the report offers an exclusive analysis of what these responses mean and how they can be put to work to help improve the customer experience and security of digital account opening process.

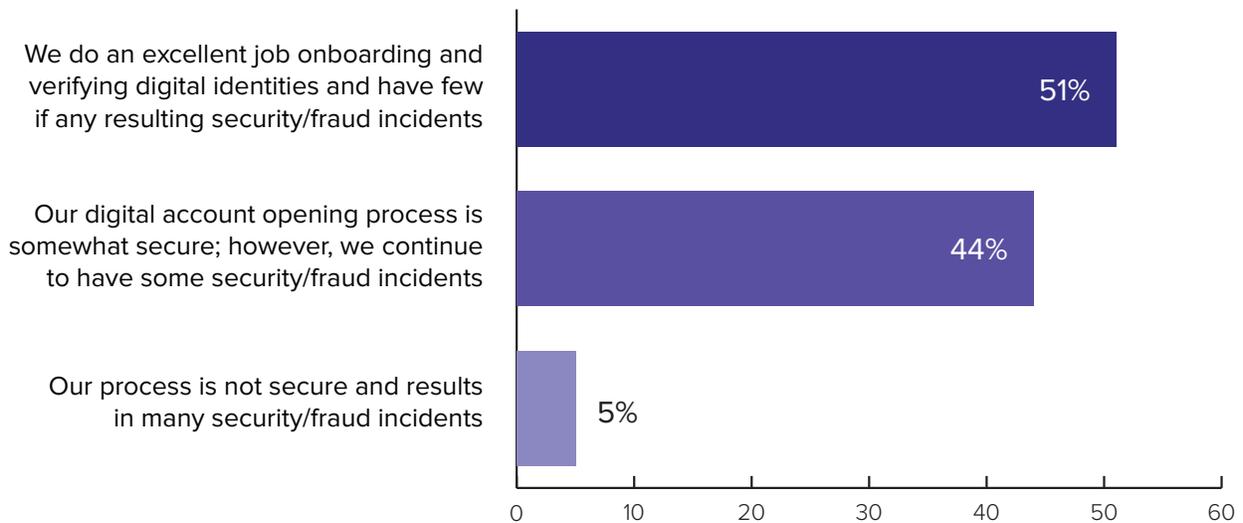
Baseline Questions

In this opening section, respondents offer initial insights into their digital account opening processes and what they perceive to be their biggest obstacles. Among the statistics that emerge:

- 56% describe their customer experience during the account opening process as competitive - completely convenient and 100% digital.
- Yet, 49% also say that their biggest obstacle to improving this process is their systems are tied to legacy, manual identity verification processes.

Read on for full baseline results.

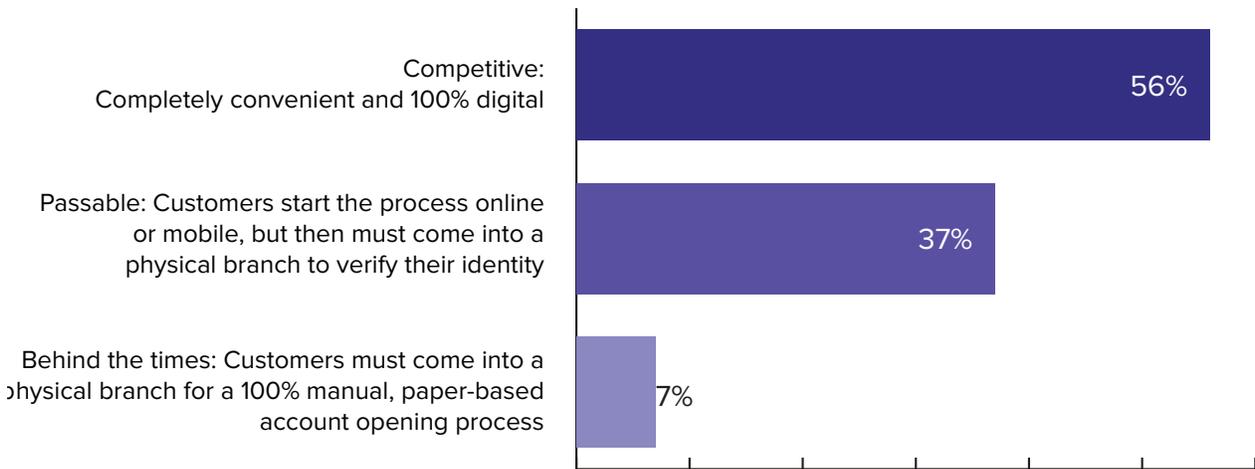
How do you rate the security of your banking institution's current digital account opening application process?



About half of respondents claim their institution does an excellent job onboarding and verifying digital identities – to the point, at least, where they report few, if any, resulting fraud incidents.

Of the remaining respondents, 44% describe their process as “somewhat secure,” while 5% say it is “not secure and results in many security/fraud incidents.”

How would you describe your customers' experience during the digital account opening process?

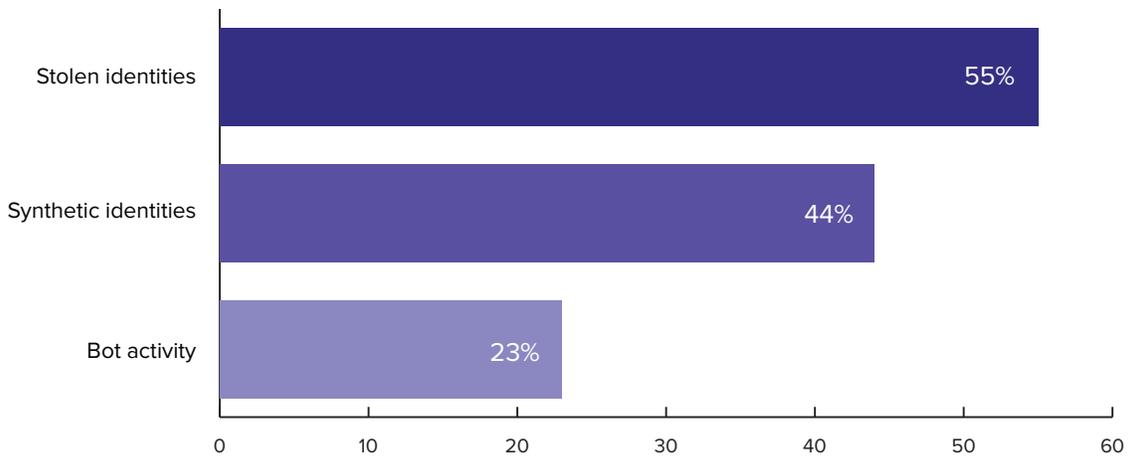


Asked for an overview of the customer experience during this digital account opening process, 56% say it is competitive with other institutions, which is to say “completely convenient and 100% digital.”

Thirty-seven percent self-describe the customer experience as “passable,” meaning customers start the process online or mobile, but then must come into a physical branch to verify their identity.

Seven percent categorize their institutions as “behind the times” – customers must come into a physical branch for a 100% manual, paper-based account opening process.

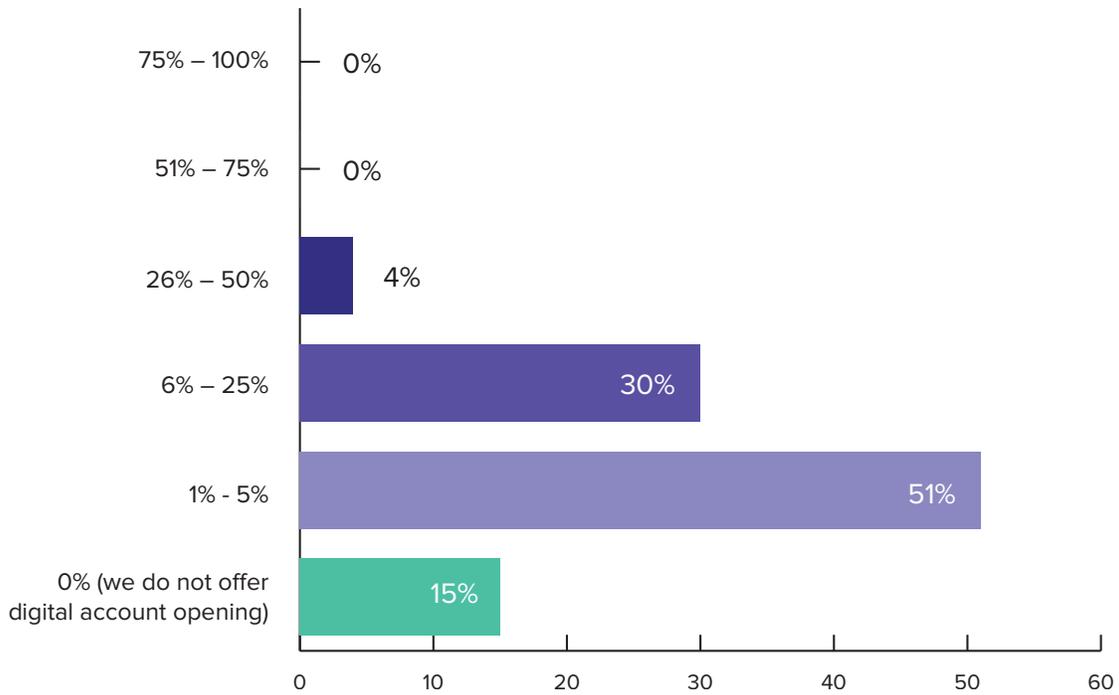
What are the sources of fraud your institution has experienced during the past year as a direct result of offering digital account opening?



For institutions that report experiencing fraud during the past year as a direct result of the digital account opening process, the top three forms are:

- Stolen identities – 55%;
- Synthetic identities – 44%;
- Bot activity – 23%.

How often does your institution experience fraud during the digital account opening process?

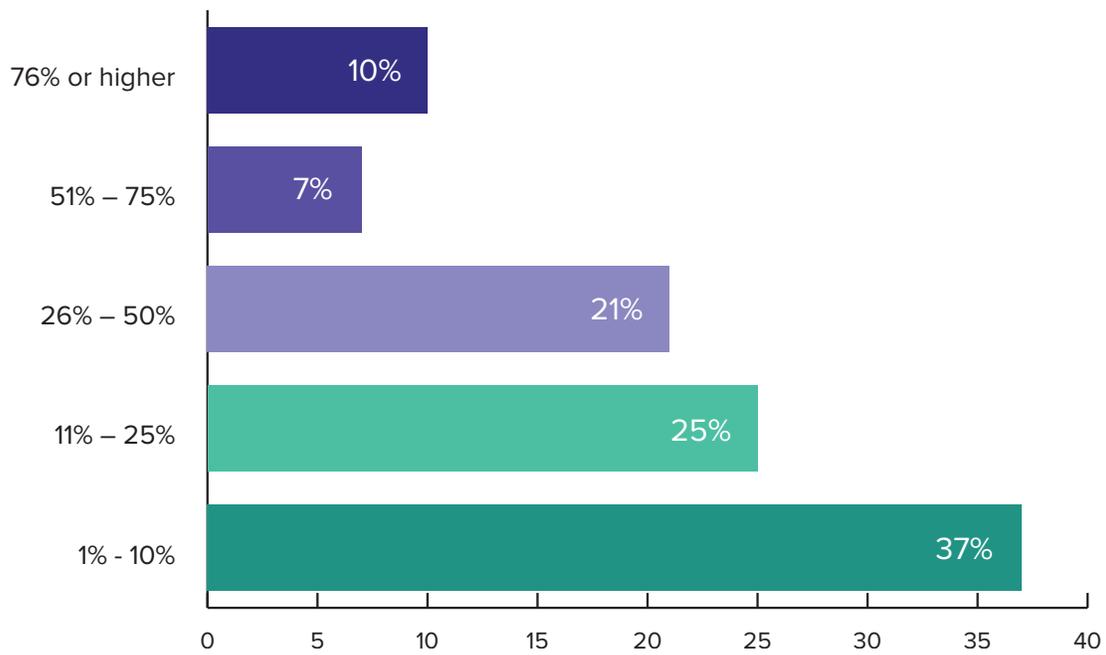


Eighty-five percent of institutions report experiencing fraud at some point during the digital account opening process. The top frequencies:

- 51% report fraud in 1-5% of digital account openings;
- 30% report fraud in 6-25% of digital account openings.

Eighty five percent of institutions report experiencing fraud at some point during the digital account opening process.

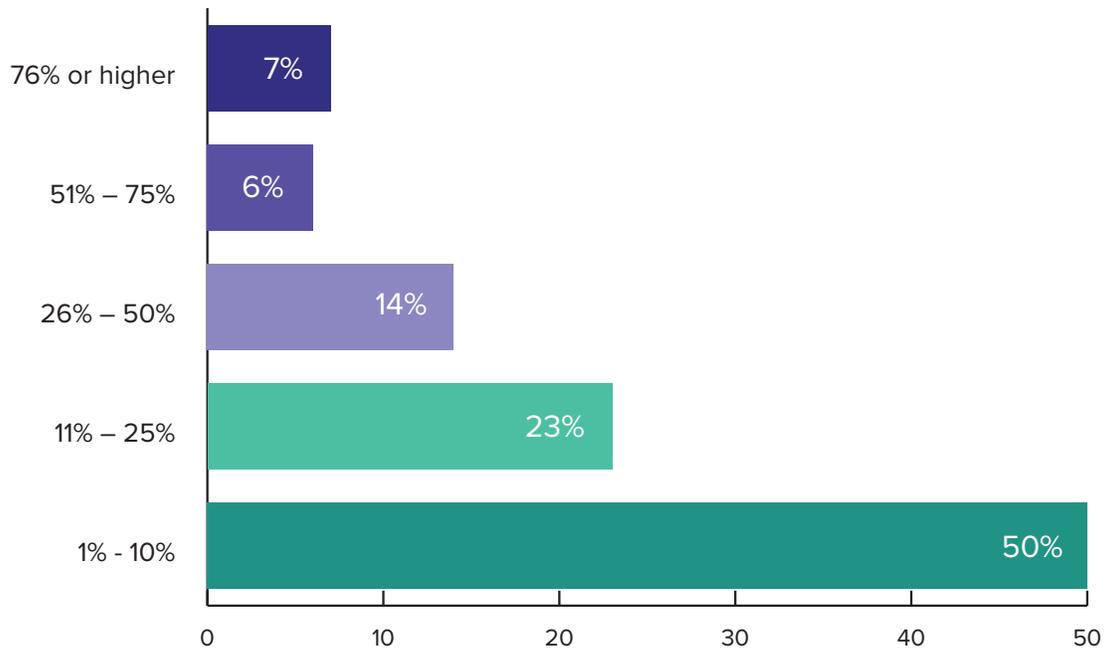
What percentage of new accounts do you open digitally (or remotely) today?



Asked what percentage of accounts are opened digitally today, respondents report:

- 1-10% of accounts opened digitally – 37%;
- 11-25% of accounts – 25%;
- 26-50% of accounts – 21%.

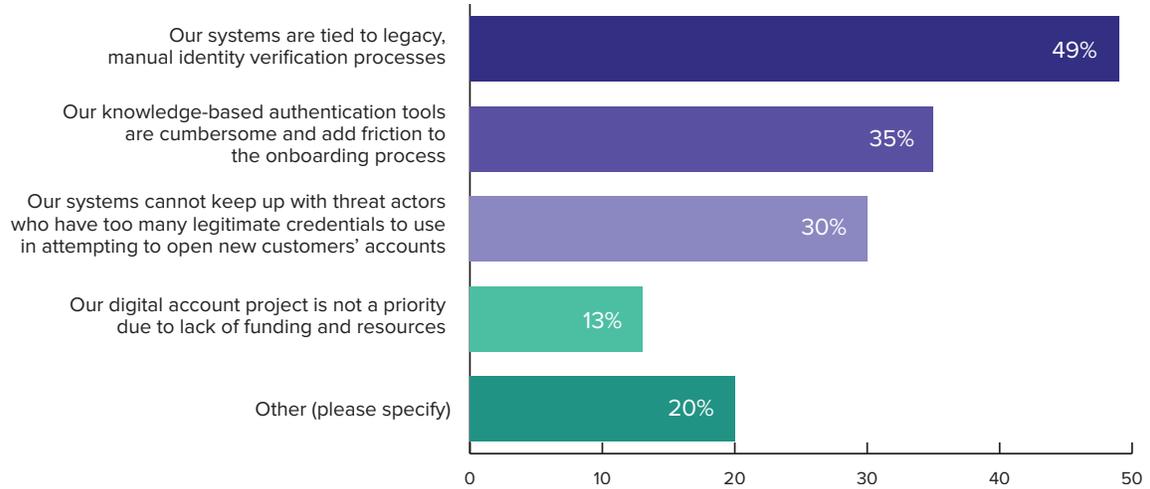
What percentage of new accounts did you open digitally (or remotely) a year ago?



How do today's account opening statistics compare to one year ago? Institutions report:

- 1-10% of accounts opened digitally – 50%;
- 11-25% of accounts – 23%;
- 26-50% of accounts – 14%;

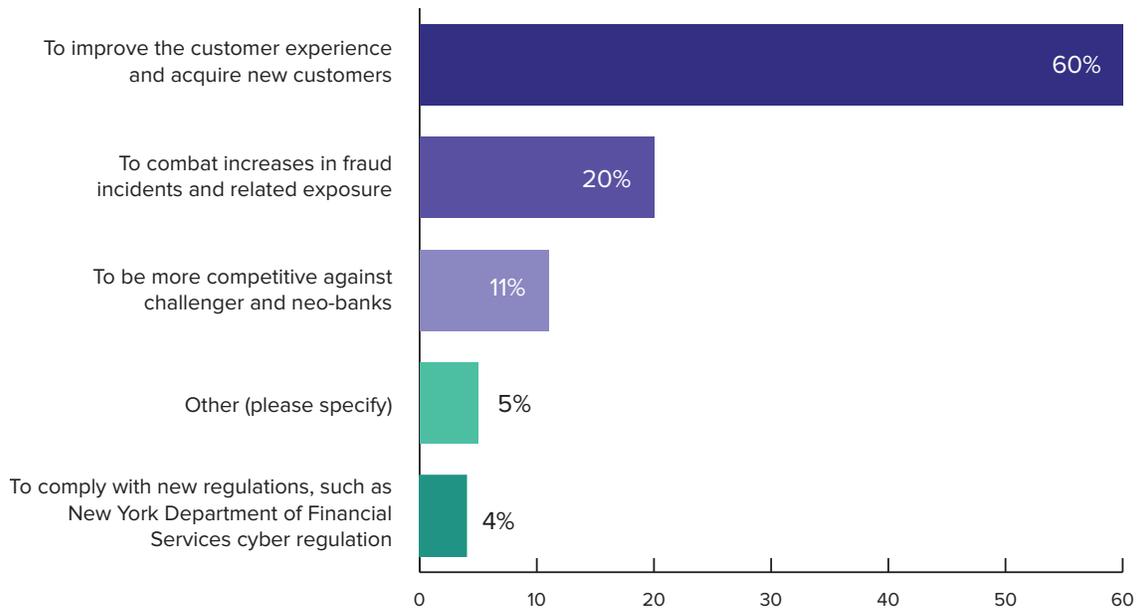
What do you see as the biggest obstacles to improving how your institution secures the digital account opening process?



While 56% of respondents (see earlier) may believe their account opening processes are “completely digital and 100% convenient,” a significant number still see room for improvement. Namely:

- 49% say: “Our systems are tied to legacy, manual identity verification processes”;
- 35% say: “Our knowledge-based authentication tools are cumbersome and add friction to the onboarding process”;
- 30% say: “Our systems cannot keep up with threat actors who have too many legitimate credentials to use in attempting to open new customers' accounts.”

What is your top objective for your digital account opening process in 2020?



Finally, in this opening section, respondents were asked to name their top objective for their digital account opening process in 2020. The top response, garnering 60%, is “To improve the customer experience and acquire new customers.”

The only other response garnering significant (20%) support is: “To combat increases in fraud incidents and related exposure.”

In the next section, the report will explore what measures institutions take today to enable an improved customer experience, acquire more customers and reduce fraud.

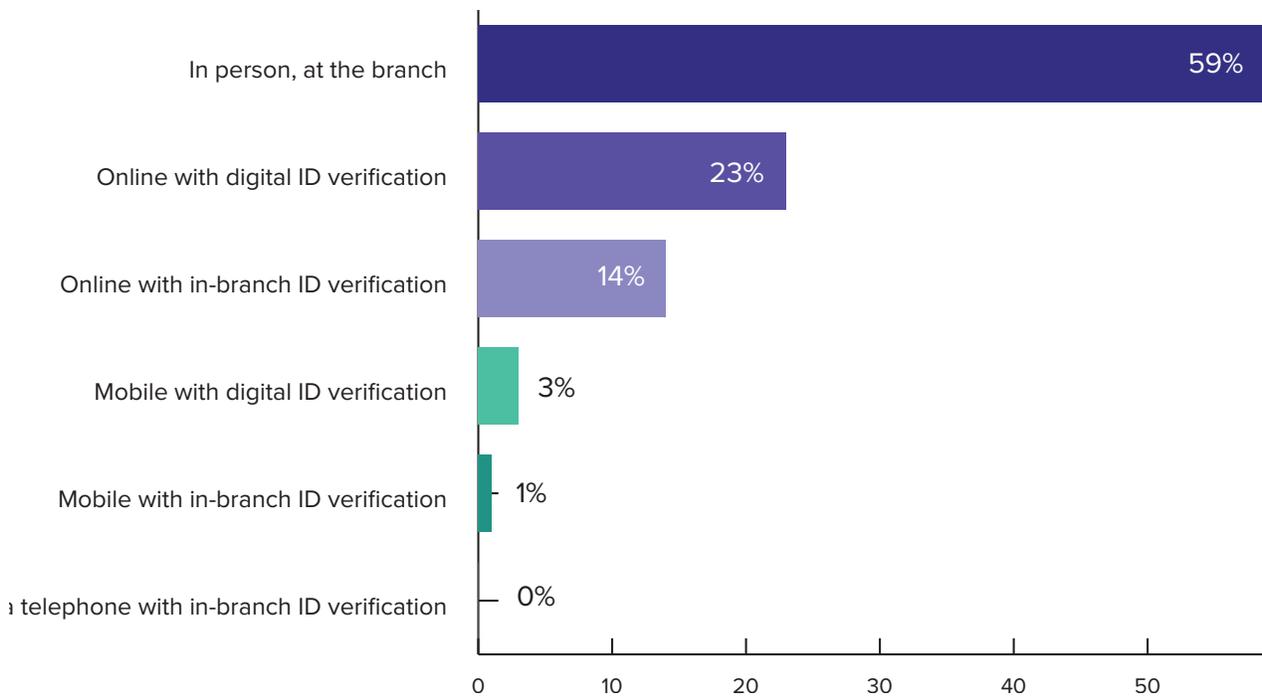
The State of Digital Account Opening

In self-assessing the current state of digital account opening, the survey respondents reveal some curious realities. Among them:

- 59% say their primary method for opening new customer accounts is in person, at the branch;
- 90% say streamlining the customer identity verification experience is either a or the top priority in 2020.

Scroll further for a clearer view of the current state of digital account opening.

Which is currently your primary method for opening new customer accounts?

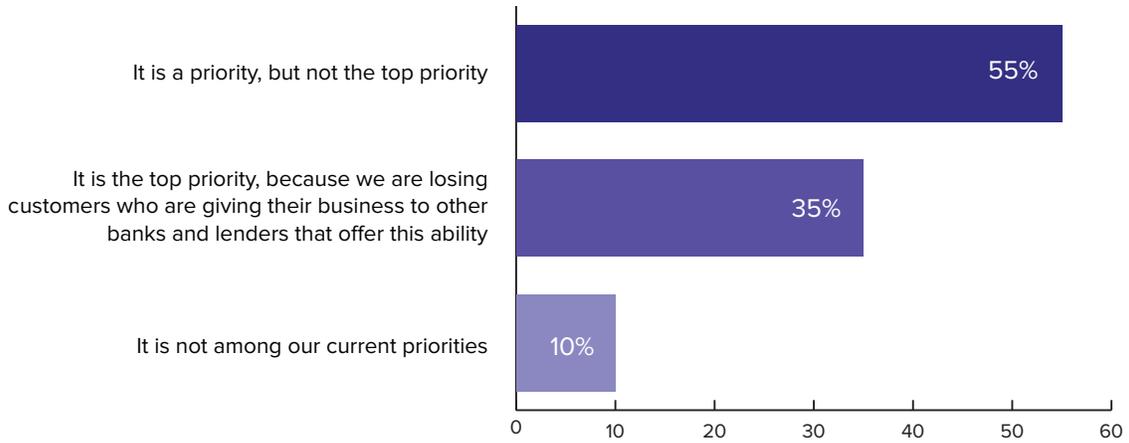


Given customer preferences – and the streamlined costs of transactions conducted outside the physical bank branch – it may be surprising to see that 59% of institutions say that their primary method for opening new customer accounts remains in person, at the branch.

Other top responses:

- Online with digital ID verification – 22%;
- Online with in-branch ID verification – 14%.

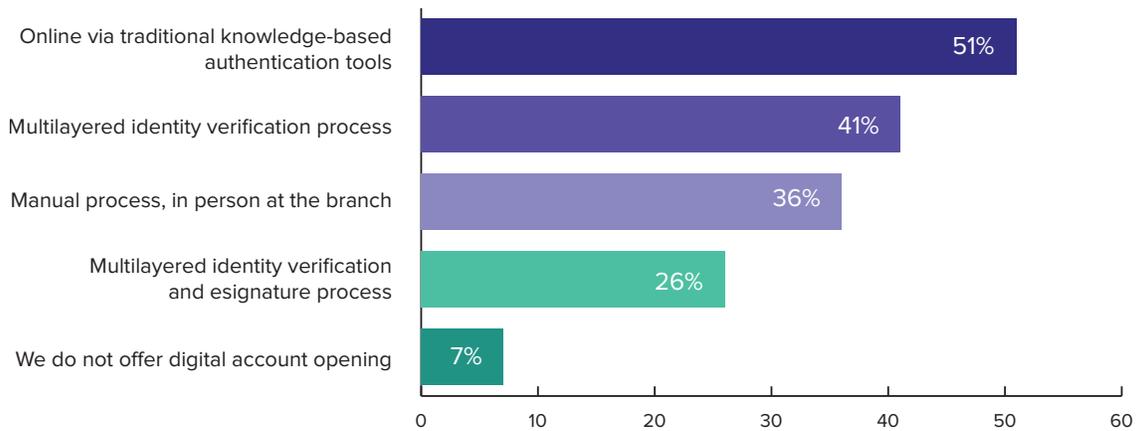
How does streamlining the customer identity verification experience rate as a priority for your organization as it pertains to the digital account opening process?



Asked to prioritize the task of streamlining the customer identity verification experience as it pertains to the digital account opening process:

- 35% say it is the top priority “because we are losing customers who are giving their business to other banks and lenders that offer this ability.”
- 55% say it is a priority, but not the top priority.

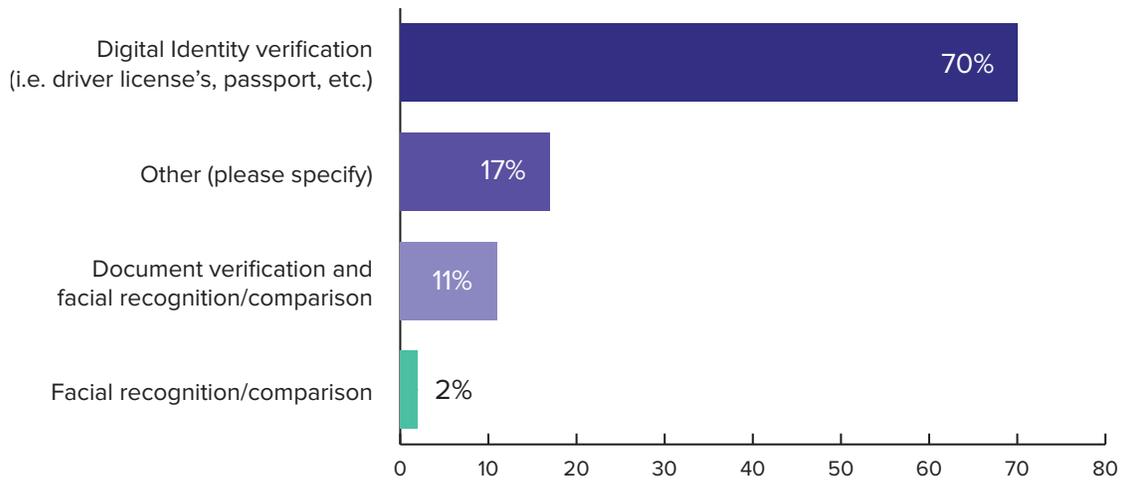
When a customer opens a digital account today, how does your institution verify the customer’s identity?



How do institutions verify customer identities when digital accounts are opened today? Top three responses:

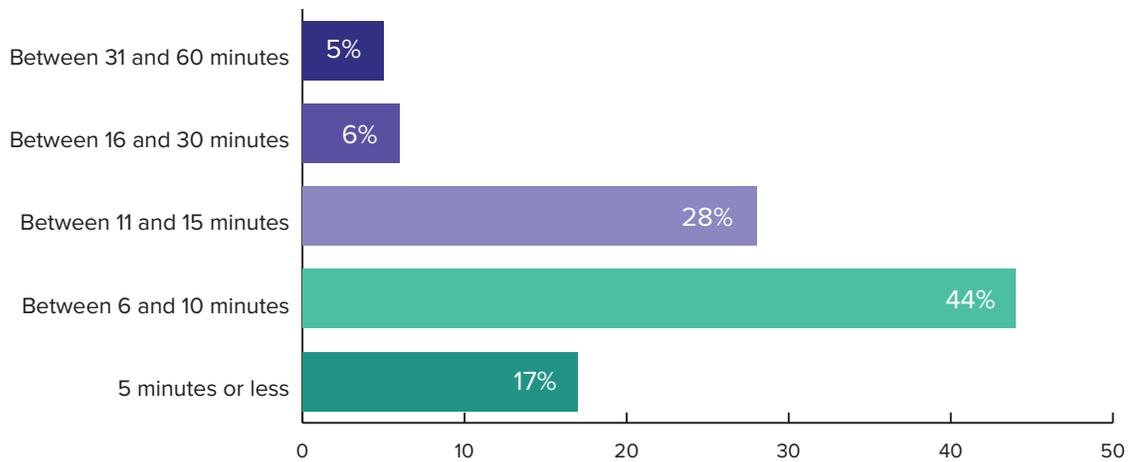
- Online via traditional knowledge-based authentication tools – 51%;
- Manual process, in person at the branch – 36%;
- Multi-layered identity verification process – 42%.

What methods of identity verification does your institution use?



Asked what identity verification methods are used, 70% of respondents say digital identity verification, including driver's license and passports. Eleven percent say their use document verification and facial recognition/comparison.

On average, how long does it take your customers to complete the digital account opening process (start to finish)?

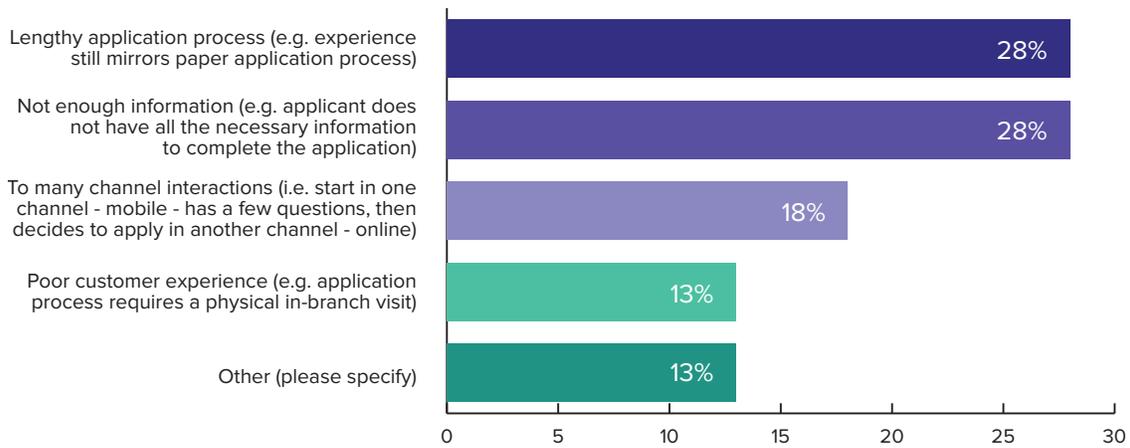


Timing is everything when it comes to acquiring new customers in the digital account opening process. If the process is deemed too lengthy, or contain too much friction, then the customer is more apt to abandon it altogether.

Asked how long, on average, it takes their customers to complete this process, only 17% said less than five minutes, which is broadly embraced as the gold standard for digital account opening. The more common responses were:

- Between 6 and 10 minutes – 44%;
- Between 11 and 15 minutes – 28%.

What is the #1 activity that triggers applicants to drop out of a digital remote account opening process?



No surprise, then, given how institutions are verifying identities and how long it takes to complete the digital account opening process, the top activities that trigger abandonment are:

- Lengthy application process (e.g. experience still mirrors paper application process) – 28%;
- Not enough information (e.g. applicant does not have all the necessary information to complete the application) – 28%;

With this input about the state of digital account opening today, the report concludes the presentation of survey results with a look at how this process is taking shape for the year ahead.

The top activities that trigger abandonment are a lengthy application process and not enough information.

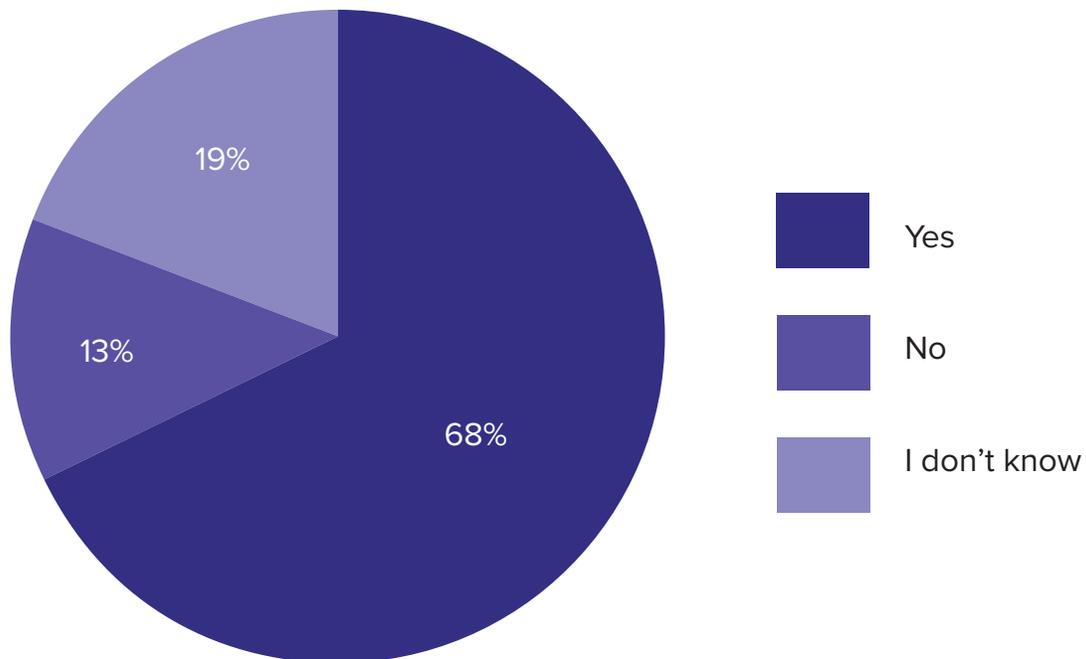
Digital Account Opening in 2020

For institutions that want to improve the digital account opening process in 2020, the survey offers encouraging news:

- 99% of respondents expect the same or more budget for digital account opening;
- 80% say their top goal is improving the customer experience.

This section shows how respondents see their digital account opening process improving in 2020, after which the report will offer conclusions, recommendations and expert analysis.

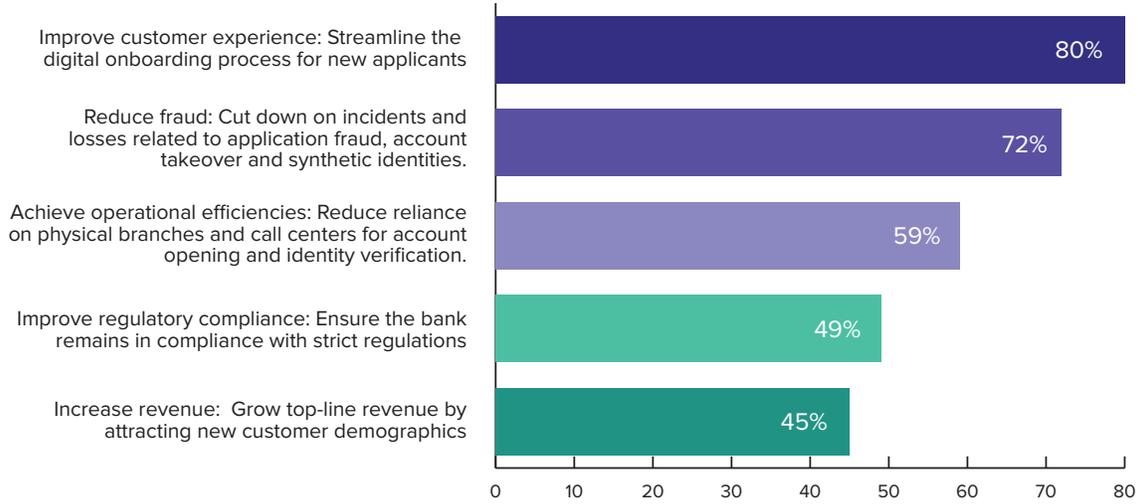
Will improving the digital account opening process be an active initiative at your institution in 2020?



Only 13% of respondents say improving the digital account opening process will not be an active 2020 initiative.

Meanwhile, 68% say it will be a top priority, and 19% are uncertain

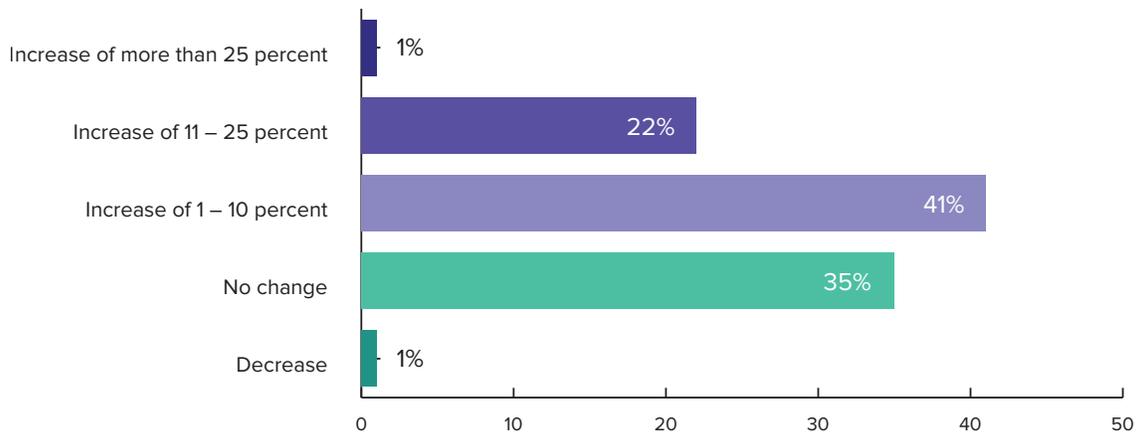
What are the objectives you seek in pursuing digital account opening in 2020?



For those seeking improvement in the process, there are multiple competing objectives. The top three:

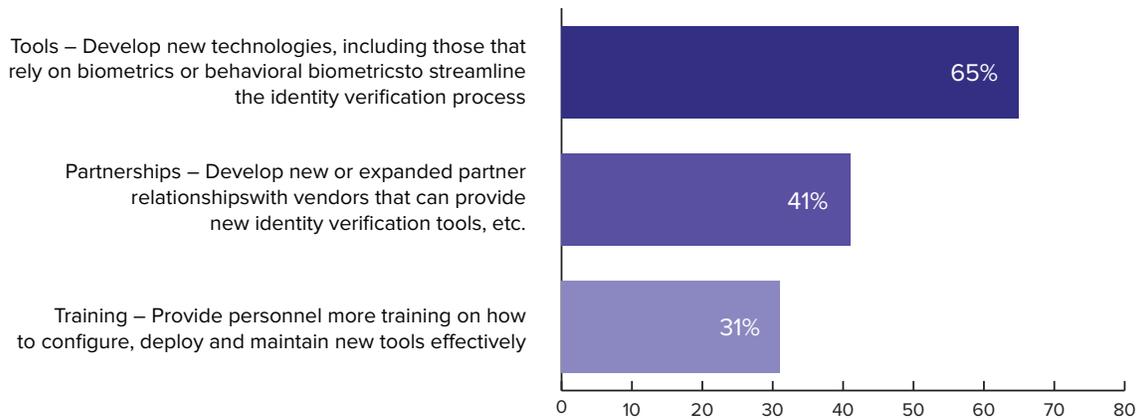
- Improve customer experience: Streamline the digital onboarding process for new applicants – 80%;
- Reduce Fraud: Cut down on incidents and losses related to application fraud, account takeover and synthetic identities – 72%;
- Operational Efficiencies: Reduce reliance on physical branches and call centers for account opening and identity verification – 59%.

How do you expect your budget dedicated to digital account opening to change in 2020?



Again, 99% of respondents expect level funding or budget increases dedicated to digital account opening. Of those, 41% foresee 1-10% increases, while 22% expect 11-25% hikes.

Where do you expect to make your primary digital account opening investments in 2020?

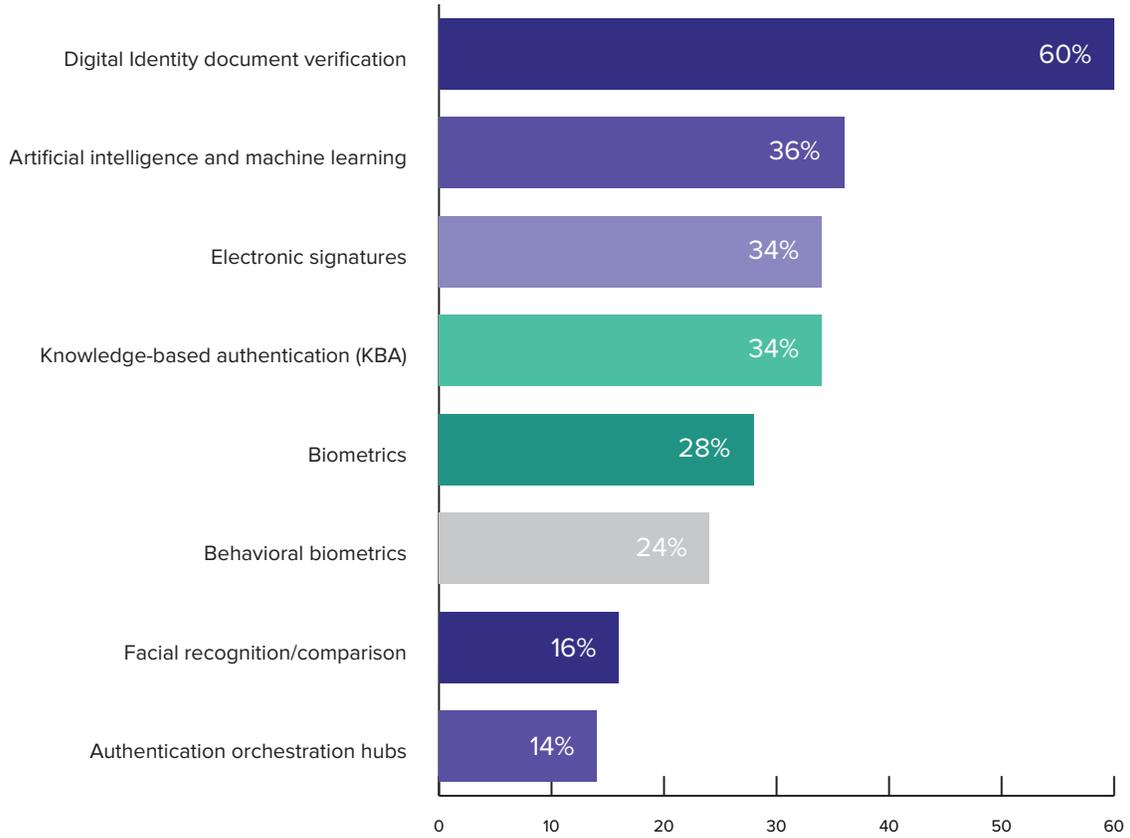


In terms of category investments, 65% of respondents plan to invest in tools – specifically to develop new technologies, including those that rely on biometrics or behavioral biometrics – to streamline the identity verification process.

The next top vote-getter is partnerships: 41% of respondents say they will invest in new or expanded partner relationships with vendors who can provide new identity verification tools.

Sixty five percent plan to invest in tools to streamline the identity verification process.

Which of these technologies will your organization invest in over the course of 2020?



Asked what specific technologies they will invest in during 2020, respondents named these top five:

- Digital Identity document verification – 60%;
- Artificial intelligence and machine learning – 36%;
- Electronic signatures – 34%;
- Knowledge-based authentication (KBA) – 34%;
- Biometrics – 28%.

Conclusions and Recommendations

With the advent of digital transformation – driven by the customers’ demands – financial institutions have every opportunity to drive a better customer experience and increased customer acquisition by digitizing the new account opening process.

But to do so, they must acknowledge these three survey conclusions:

Digital Transformation Is Not Optional

Yes, the survey says that 85% of institutions today offer some degree of digital account opening. Yet, too many still rely on manual, paper-based processes, including customers walking into a physical branch to provide identity documentation. At a time when new players that entering the banking space are 100% digital, conventional institutions need to get onboard with their customers’ preferences. If institutions truly want to improve the customer experience and acquire new customers, then digital account opening is no longer an option – it’s table stakes.

Legacy Technologies Are a Barrier

Nearly half of survey respondents say their systems are currently tied to legacy, manual identity verification processes. And more than a third say their current knowledge-based authentication tools only add friction to the current customer account opening process. The message could not be clearer: Legacy technology is an obstacle to improving the digital account opening experience. If improving the customer experience and attracting new customers are priority business objectives, then a technology refresh must be one, too.

It’s Time to Invest in a 2020 Vision

More than two-thirds of survey respondents say that improving the digital account opening experience is an active initiative at their institutions this year, and 99% will have level or increased budgets to do so. The technology marketplace has never been richer in options, so for institutions looking to shed the weight of their legacy, knowledge-based authentication and identity verification tools, this year is the time to investigate new, more modern options that rely on biometrics and behavior to streamline the identity verification process.

In the final section of this report, John Gunn of survey sponsor OneSpan discusses the results, offers his expert analysis and shares insights into emerging technologies that are now transforming the digital account opening experience.

The State of Digital Account Opening Transformation

Insights from John Gunn of OneSpan

NOTE: ISMG's Tom Field discussed the survey results with John Gunn of survey sponsor OneSpan. This is an excerpt of that conversation.

Positive Trends

TOM FIELD: What are some of the positive trends that you're seeing regarding the expansion of digital account opening?

JOHN GUNN: Well, obviously, more financial institutions are offering that and improving it, and more accounts are opened digitally every day. Three years ago, there weren't banks that were doing it only digital, and now there's dozens of them. You have billions of dollars in the investment community getting pushed into neo and challenger banks, which are picking up a lot of customers – not really making a dent in the big banks' business, but they are influencing it.

So people look at that and say, "Are they going to knock off the big banks?" And the answer is "no," but they certainly are applying competitive pressure. They are giving people an alternative, and it all starts with the digital account opening experience. That's where they compete. And so that's so critical to banks of any type, financial institutions of all types. We see a big focus on this across all financial institutions, and they're all working to improve the experience.

Encouraging Findings

FIELD: What do you find encouraging about what respondents say about their digital account opening priorities, their processes and their efforts to curtail fraud?

GUNN: The good part of it is they continue to make progress. A lot of people view this as a battle against this static enemy, but it's not. ... We have hundreds and hundreds of engineers working on the latest technology. And when you add in all of our peers, there's tens of thousands of developers who are trying to stay ahead of it. But on the opposing side, those who are stealing our customers are making just as big an effort, and it's this endless, constant arms race.

So in a lot of respects, for a lot of our clients, it's about holding the front, not losing ground. Gaining some ground is a huge victory. And it's reached the point where banks are asking: "How do we stay ahead of the fraudsters?" We've got some new tricks that we're bringing out that we think are going to really turn the



John Gunn

“That customer experience - making it faster, easier and a better experience - is on everyone’s agenda, and it’s moved higher on their agenda.”

tables and allow them to drive [fraud] way, way down here in the next year or so. ... In years past, every year the criminals were stealing more than the year before. But that's changed. Now they're not, and it's because of the tools and solutions – so that's very good.

And the even better part of it is that three or four years ago, banks faced this terrible dilemma: Do we stop fraud, or do we give a great customer experience? And that's changed too. That's been a huge change in that it's no longer this either/or trade. They can still stop fraud while making big gains in delivering a great customer experience.

Verifying Identities

FIELD: What concerns do you have about how institutions are verifying identities, detecting fraud and even prioritizing how they streamline the customer identity verification experience?

GUNN: It's more a matter of priorities. Any of our banking customers could put a huge emphasis on it and wipe out fraud, but they have so many things on their digital agenda, and they have to pick the priorities that are right for them.

So if you asked, "Well why don't people eliminate more fraud?" then I'd say they're making gains, but it's about the issue of how banks set their priorities. These are very sophisticated businesses run by brilliant leaders – the top business leaders, not just in banking. They make the decisions based on what their customers want and need. Where is there room for bigger improvement?

If everybody implemented more of the solutions that OneSpan and our peers offer, we could drive out a lot more fraud. But they have to balance this against all their initiatives and all their agendas, and we support what they're trying to achieve.

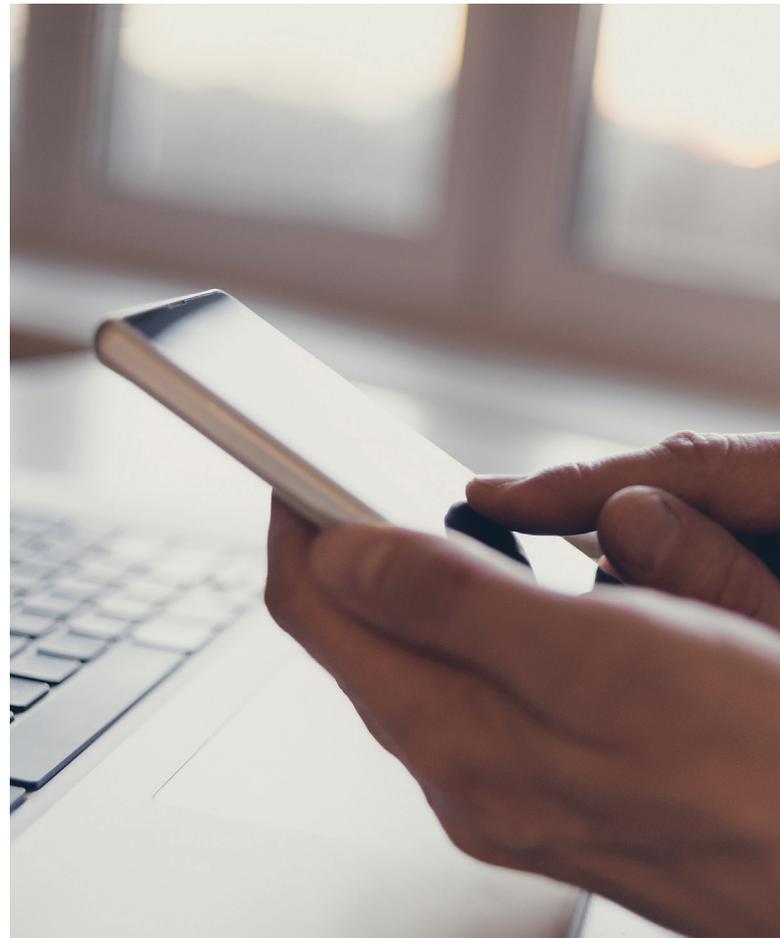
Manual Processes

FIELD: John, are you discouraged in any way about the numbers of institutions that either rely on manual or in person processes and legacy technologies or don't even offer digital account opening at all?

GUNN: I'm not discouraged by it at all – it's available for them. There are some limitations. One is their strategy and their agenda for it. Number two is if they're mid-size or smaller, they may have a platform provider that doesn't allow them to adopt all the technologies they want right away.

But a lot of it is their business model. There isn't one strategy for the financial sector. They all have different strategies on how they attract customers, how they retain customers, how they make their money and whether it's focused on service.

Everybody talks about the branches going away, but a lot of financial institutions use the convenience of their branches as a competitive advantage. ... Some compete on rates; some



“The number one thing they can do to improve the customer experience while reducing fraud is to use the newest and latest technologies that are available.”

compete on personal relationship; some have no relationship. They all have a different agenda. So I wouldn't expect every financial institution to ever adopt the same thing, because they all have different strategies.

Our approach is we want to provide the best solutions they need to pursue their business agenda, especially their digital agenda and their anti-fraud agenda

Streamlining the Process

FIELD: Let's come back to the topic of streamlining the account opening process. What do institutions need to do to improve the customer experience and at the same time to curtail fraud in that process?

GUNN: It's using the available technology. There are a lot of different messages out there from different vendors, and there are a lot of different solutions. Getting it all to work together is a challenge. But the number one thing they can do to improve the customer experience while reducing fraud is to use the newest and latest technologies that are available. That's easy for me to say – it is no easy trick for any financial institution to implement. That's really the core of our strategy, and some of our competitors who also have a platform like we do. And that's what banks should be looking at: "How do I get a vendor who can bring me an integrated solution?"

If you had to buy a new car, you wouldn't say, "Oh, I'm going to buy a transmission from so and so and an engine from somebody else, and then I'll figure out how to make it all work together." ... And you can't run a business that way. Yet that's how a lot of people are buying their digital account opening experience. They're going out and buying all the pieces and figuring out if they can make it run. But there are multiple providers, including us, who provide the equivalent of an automobile that you can drive off the showroom floor and get free service for a year and insurance and everything else – and that's where the business is really heading. And that's what we really recommend that financial institutions look at.

We'd love if they look at our solutions along with others, but there are enough choices out there where they have access to what they need to really accelerate the process of delivering a great customer experience while still reducing fraud.

Most Effective Methods

FIELD: John, what do you find to be the most effective methods today for using technology to verify digital identities?

GUNN: It's about having an integrated, holistic approach – a solution that looks at all the channels that a financial institution has – their online business, their mobile business, their branch, their call center –

so they can provide the same great customer experience through all those channels. But they also must use all the information and data in those channels to help prevent fraud in other channels. And then they must use all the technologies that are available today ... including facial recognition, voice recognition, fingerprint scanners and other biometrics, as well as technology that monitors behavior – how you conduct your transactions.

We've dozens and dozens of ways to look at this, and then we can put all that into an artificial intelligence-based risk analysis engine to identify what really is fraud and what really isn't, and do that quickly in real time.

We did a survey with you where we found that banks were only catching 13% of fraud in real time, which meant 87% of the time they lost the money. If you don't stop it in real time, it's gone. And we have new solutions now that can drive that more toward the 90% range of catching it when it's happening. That involves using all of those solutions together, in an integrated manner, to effectively give a great experience while driving down fraud.

"We have a bigger focus on the customer experience than we ever have because that's what our customers are telling is most important to them."

Embracing Technology

FIELD: If you were to summarize, what new technologies do you see helping institutions to meet their goals in 2020?

GUNN: I've talked about a couple of them, including digital identity verification. But it's also about the platform. You can apply all these technologies, but they have to work together in real time, and they have to feed off each other and give data that a very smart artificial intelligence engine can use to make real-time decisions so that the person has that real-time experience and things happen instantly. Because consumers have very, very high expectations, and the newer tools that are available allow financial institutions to do that, but they have to have more than just one or two.

A financial institution would say, "Hey, let's introduce facial recognition." OK, but if you've still got a problem with verifying identities on the document, you've still got a delay and so you still lose. Or if you've got that but you haven't done liveness detection, you still lose. So you have to be all in. If financial institutions do it incrementally, they don't really get the big benefit or the big payoff until they reach that nth or last item.



Market Evolution

FIELD: So John, the survey gives us a good snapshot into what organizations have done in the past year in terms of digital account opening. How do you project this market to evolve as we go on this year?

GUNN: We see that the customer experience for some institutions has not been where they want it to be or need it to be, and the tools are there right now to achieve that. So that will always remain a priority. But once banks implement it, they've satisfied if they go from opening an account in 10 minutes – which seems like a lifetime – to a couple minutes. If you go down from a couple minutes to shaving off 10 more seconds, it's incremental; it really doesn't make a difference. So once they've nailed that, they're really going to have their focus on fraud. Because there's still billions of dollars being lost to fraud here in the U.S. and globally. It's more than 10 billion dollars in the U.S. and more than 30 billion globally. And that's where the technology that's coming will really enable some huge strides in the next few years, to where we'll drive that number down in a big, big way. It has to do with the factors of authentication. ... We have some of our customers now using dozens of factors of authentication. We have a concept of infinite factors of authentication.

Imagine you're doing banking on your Google Home or Alexa, and you say "pay my water bill," or "transfer money." We want to know ... if in your home, do we hear the normal background sounds that are associated with your home at that time of day? And there are just so many levels of verifying if something is real or not, that it goes from the dozens to the hundreds to the thousands.

And as computing power grows and our ability to collect data grows, we'll start reaching an infinite number of factors, all protected of course –

the consumer's privacy is number one. We don't need to know who they are to tell if it's fraud or not. You could have a fake name, but we can tell if the pattern of you is the same.

So we are very sensitive to consumer privacy issues, but we'll be able to detect a lot more fraud. And that's where the big gains are coming in the next few years – get the great customer experience and then eliminate all the fraud. And that's where we're trying to drive the industry. That's where our idea is focused; that's where our vision is: Offer the top customer experience and then drive out every penny of fraud we can. ■

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