



# Are you using the best approach to **verify** customer identities? ◆

How to be confident in identity without compromising on growth

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Why identity verification from Onfido means you can be confident in your users' identities



more users verified and onboarded

with the exact same operations team



increase in number of customers onboarded

with 99.998% uptime since Revolut switched on Onfido



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Onfido consistently delivers higher pass rates than any other provider—and they’re able to do this without compromising on speed or security. This has helped significantly reduce the cost of manual review as we onboard more new, global users to our platform.

Nate Spanier

VP Global Payments and Expansion, Remitly



## Section 1

# Why you need a smarter customer due diligence workflow

### Digital is the new normal

The world is moving online. Smartphones, one-click web service deployment, cloud servers and convenient online payments are all becoming more prevalent. Digital-first businesses like Google, Amazon and SoFi have transformed customer experience. Business transformation has become synonymous with digital transformation.

The way financial services companies manage their customer relationships is changing. In an online world, financial services companies rarely meet their customers face to face. Instead they're expected to onboard users remotely. And they need to do so without exposing themselves to fraud, ensuring they stay fully compliant and without compromising on user experience.

We've seen multiple solutions develop to remotely verify an identity, from credit bureaus, to KBAs, to social media. None of them are perfect. And the professionalism of modern fraud and customer's heightened expectations are only adding pressure. Fast, accurate identity verification is an increasingly necessary method to achieve company goals—to inspire platform trust and provide a simple, immediate experience.



**2.9 billion** estimated smartphone users in 2020 <sup>1</sup>



**79%** of users say they'll leave an onboarding experience if it doesn't live up to their expectations <sup>2</sup>



**14 million** US citizens fell victim to identity fraud online in 2018 <sup>3</sup>

## Section 2

# Why traditional identity verification solutions are no longer as reliable



### **Data breaches**

More online services mean more consumer data—and plenty of mismanagement, misuse, and lost data. The number and size of data breaches grow each year. Resultantly, credit bureau databases have become less reliable methods of identification because fraudsters can present breached (but genuine) data.



### **Customer expectations**

The benchmark for digital experiences is no longer set by your direct competitors. UX obsessed companies like Netflix, Uber and Apple have changed customer expectations.

Users expect access to services on-demand as default. And they also want their privacy to be respected. If their expectations are not met, they will go elsewhere.



### **Professionalized fraud**

Our proprietary data shows that fraudsters operate at higher levels throughout the working week. This speaks to a level of professionalism that's reflected in new advanced fraud techniques being adopted worldwide, like synthetic fraud and credential stuffing.

# Identity solutions

## Reliability

How vulnerable is the approach to previous attacks that may affect the integrity of the source data?

## Ubiquity

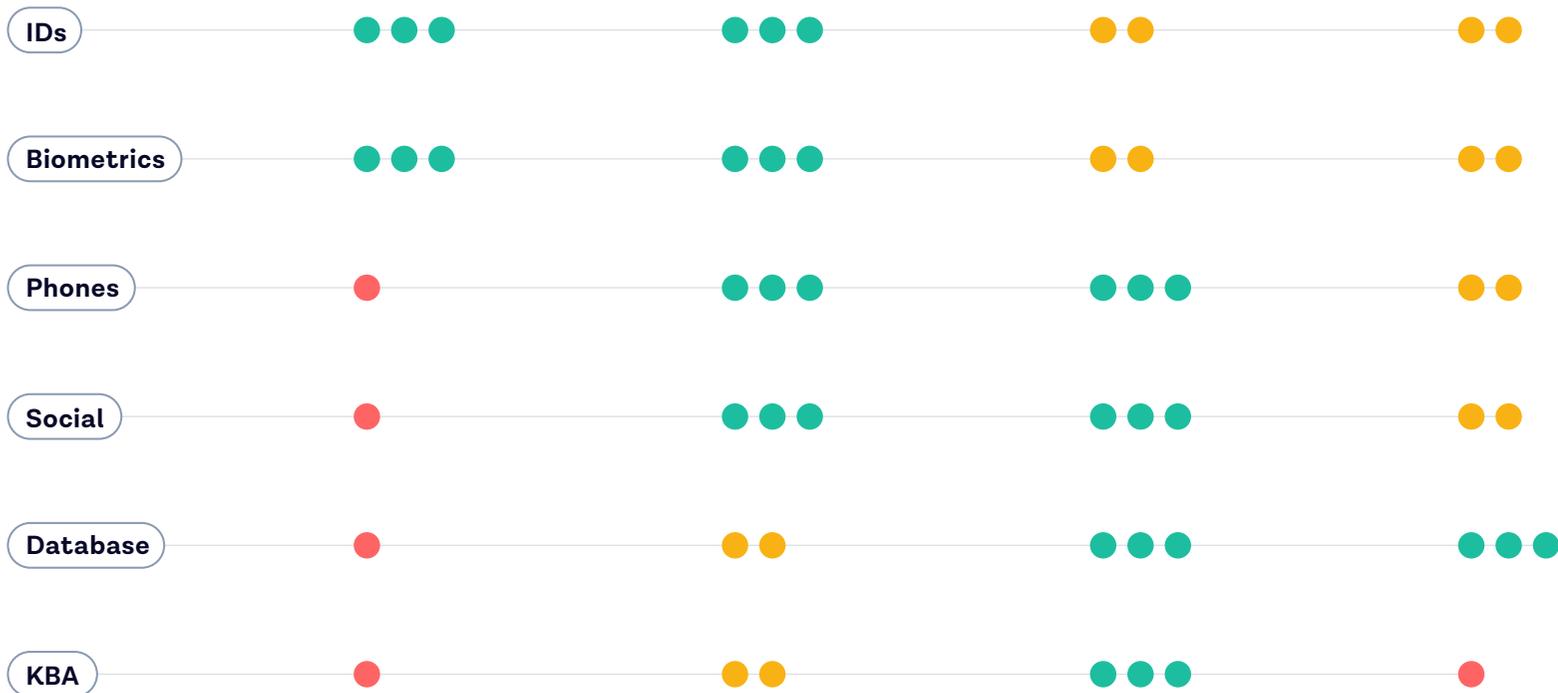
How widespread is the approach's coverage for the group we're trying to verify?

## Affordability

How expensive is it to maintain and protect data and credentials?

## User Experience

How easy is it to use?  
The identity flow should be smooth and fast.



## **The consequences of using traditional customer due diligence methods**

### **You open yourself up to fraud**

Traditional identity verification solutions expose services to higher levels of fraud. Data breaches and hacks mean that just because a user passes database KYC checks, doesn't mean they're safe to onboard. With as many as 8.5 billion consumer records hacked in 2019 <sup>4</sup>, how do you really know the user on the other side of the screen is who they say they are? How do you know their personally identifiable information hasn't been compromised?

### **Revenue and platform trust can take a hit**

Letting fraudulent users through can be costly for your business. And not only in terms of financial penalties. Users are more likely to lose trust in your platform if they feel their data isn't secure, and fraudsters are accessing your services.

### **Genuine users get rejected**

The balance between combating fraud and letting the right users through can be difficult. If you take too hard a line you may stop too many genuine users from accessing your products and services. This can lead to a real loss of business. For example, one digital currency exchange platform was using an ID fraud detection system with low pass rates of only 30%, which cost the company an estimated \$800K per year in sales. Plus, relying on traditional methods like credit bureaus alone limits the number of customers you onboard, as users with thin credit files will automatically get rejected.

### **Growth and scaling are affected**

Different countries and states, have varied regulations and criteria when it comes to identity checks. This can prove difficult if your business is looking to expand. Different regulatory areas require different specialists. This means bringing on new members to your Operations team, which drives up CPA at a cost to your business.

## Section 3

# Why identity verification with Onfido means you can be confident in your users' identities

### The Onfido workflow

#### Have confidence in identity

##### Document verification

Document-first onboarding means you can prove a user's identity from the first interaction, helping to address KYC and AML requirements.

Onfido checks data consistency across the ID, performs image analysis, and detects anomalies using the best combination of machine learning fraud detection and human experts.

#### Create a best-in-class user experience

##### Registration autofill

Once a customer takes a photo of their identity document, we then extract their ID data and use it to autofill sign-up fields.

It's less work for the customer, which means higher completion rates, and results in greater data integrity for you.

#### Ensure a document hasn't been stolen

##### Biometric verification

You have the option to layer on biometric verification, for even greater assurance. A user takes a selfie, which Onfido compares with the photo in the ID and returns a match score.

Where additional checks are required, add Video Liveness, which guides users to take a short video on their phone.

## **Get identity verification right, and reap the rewards**

The typical Identity verification solution is useful only for satisfying mandated compliance requirements. But a smarter, document-first Identity verification solution makes compliance your competitive advantage, so you can do much more.

### **Onboard more users**

The right Identity verification solution is fast and accurate, so legitimate IDs don't get flagged or sidelined. Onfido helps financial services providers verify a customer's identity remotely by checking their documents, and if also desired at high-risk moments, their biometrics. As a result, there's no trade off between speed and security.

### **Save time and money**

The right Identity verification solution helps streamline your verification process. And it does so in a way that supports your current Operations and Fraud team. It supercharges their abilities, and helps them focus on the parts of their job that really matter.

### **Drive organic growth**

Through social media platforms and the prevalence of online reviews, your customers are talking to one another. When a company delights them with a great user experience (or disappoints with a bad one), word gets out.

### **The trade off between speed and security**

Failure to meet with KYC requirements can result in crippling fines, with \$26 billion in fines issued for AML sanctions and KYC non-compliance between 2008 and 2018<sup>5</sup>. But overly complicating your users onboarding experience will mean they go elsewhere. 79% of users say they'll leave if the onboarding experience doesn't live up to their expectations<sup>6</sup>.

For product professionals, adding friction feels counter-intuitive. It's often assumed that tools which make your life more convenient also tend to make it less secure, and technologies that make your life more secure are generally inconvenient. But not only is friction not bad, it's sometimes necessary. 'Friendly friction' is about finding the optimal way to ensure that your customers feel secure, without preventing them from joining your platform. Adding positive friction in the right way can help you optimize your user experience and unlock growth.

### **Supporting your risk-based approach**

There isn't a one-size-fits-all way to optimize your user onboarding. It depends on the product or service you're building, the industry you operate in, and the region your business is based in. Though regulated businesses might be required to meet a 'gold standard' security level, applying it to every use case might not be appropriate or necessary.

With Onfido, you can set the level that's right for your business, and use our solution alongside other KYC methods such as device fingerprinting, sanctions and PEP screening. We've created tailored configurations of our document verification, so you can adjust the process to match the level of risk you're comfortable with. Our service helps you address global KYC and AML requirements as well as local regulations. And you'll have a full audit trail to show for it.

## A great user experience is just the beginning

### **A typical 95% completion rate**

Webcam photos are often too low-quality to be verified, so users get rejected. This creates onboarding delays, customer frustration, and potentially, user drop-off. Onfido's process seamlessly moves users to the best possible camera—the one on their mobile phones—and gives instant feedback on the quality of their photos before they're even submitted.

### **Global scalability**

Onfido combines the best of automated and manual verification. We enable the 'good' users to pass through in moments and only escalate the problem cases to manual review. This gives you the best balance of speed and assurance in your users. Plus our robust, scalable platform is built to meet global regulations and keep you in compliance with complex global data privacy and sovereignty restrictions.

### **Cost-effectiveness**

Our solution is low-cost to operate, delivering better value than expensive and hard-to-maintain on-premises software.

### **Constant improvement**

We are continually evolving our system with new features, upgraded technology, and additional document coverage—and few to no client-side integration needs. This keeps system users fully updated and able to address ever-evolving fraud scenarios.

# Revolut

Revolut reduced identity document failure rate by **37%** and saved **3,165 hours** in manual processing after switching from their existing provider



If you'd like to learn more about approaches to identity you can find further resources on our content hub.

[Click here](#)

If you'd like to get in touch please do so through our website.

[Click here](#)

## Sources

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