A look ahead to banking in 2022
It feels pretty safe to say that, as we were all leaving our offices in March 2020, none of us expected that the pandemic would stretch into a third year. But the rise of the latest variant and how they set priorities and how they allocate their time—the pandemic has changed all of this," she writes. 

Rapid digital advances in banking make it harder to keep a customer all to oneself, but there's a big payoff for banks and credit unions that can limit the leakage to fintechs and other providers. "Primacy, often determined by where customers maintain their checking account, is worth its weight in gold," Dahlgren writes. 

Along with keeping customers, another key theme for financial institutions in 2022 will be retaining their workers. Debbie Bianucci, BAI's president and CEO, offers insights on employee retention in her article on the competition for talent. "How people want to work, how they use technology, how they set priorities and how they allocate their time—the pandemic has changed all of this," she writes.

Offering flexibility is important, but even more valuable is having the right corporate culture, because workers increasingly want to feel good about the work they do and who they work for. Banks and credit unions aren't just competing with one other for talent—they are also going up against tech and other industries that have long prioritized culture as a differentiator.
Navigating a new normal

BAI’s recent survey suggests that the future of banking is in omnichannel.

BY KARL DAHLGREN
BAI research found that by 2024, consumers expect 61% of their banking business to be digital and 39% to involve human assistance.

Baby boomers, who command the majority of bank deposits, will continue to conduct much of their banking at branches, including opening new accounts. At the other end of the demographic spectrum, Gen Z customers (the top users of all channels) also regularly visit branches as they establish their financial footing.

The challenge for bankers is preparing for a future in which younger customers bring in modest deposits. Institutions hope that Gen Z’s deposits will grow in the future. An additional complication to serving Gen Z is that members tend to be restless. Of all the segments, the youngest generation is the least inclined to use a single financial services organization.

Digital has democratized banking, making it much easier to work with multiple institutions for best-of-breed products and services. But primacy still drives greater deposit share of wallet and retention. Financial services organizations need to improve the customer experience. Instead of just transacting business, they need to develop relationships with customers—whether they’re boomers or Gen Zers.
auto loans or credit cards. Financial services organizations should focus their efforts on primacy, not on attracting more deposits. Institutions are awash in deposits in the wake of curtailed spending and increased savings during the COVID-19 crisis.

Also ahead in 2022 is growing competition from fintechs. Some traditional banks are fighting back by adopting fintech-like products and features, including payday advances and grace periods and forgiveness for non-sufficient funds, to appeal to younger customers and low- to moderate-income households.

Banks are now more willing to collaborate with fintechs to provide more innovative services to their customer base. And fintechs are more willing to collaborate with banks, because banks have an established customer base.

In addition, traditional banks face increased competition from one another. Newly combined banks—such as PNC/BBVA and U.S. Bank/Union Bank—are beginning to assert themselves in their new market footprints. BAI expects merger and acquisition activity to continue, because banks need scale to spread technology and branch expenses across a larger customer base for greater efficiency.

If there’s one task that should be atop financial services organizations’ 2022 to-do list, it is to continue improving the omnichannel customer experience to capitalize on the goodwill and momentum generated at the height of the pandemic.

For financial services leaders who responded to BAI’s survey, the largest gap in customer service was in digital interactions, followed by customer onboarding. Despite the progress made on digital channels during the pandemic, only 9% of bankers said their digital customer experience was excellent.

For the second year in a row, industry leaders responding to our survey said the customer digital experience is not only their top business challenge but also their top investment priority. But the leading response to a separate survey question on how to improve the customer experience was “making better use of data for product and service recommendations.” That finding suggests that the industry may be focused on bringing in revenue from customers at the expense of providing the best-in-class omnichannel experience that customers say is their top priority.

A leading-edge user interface can’t solve the customer experience problem on its own. Banks first need to break down data silos and improve technology integration and platforms to deliver a consumer experience that truly attracts, engages and retains consumers.

Financial services organizations have plenty of work ahead to provide a stellar omnichannel experience in the new normal of 2022.

Karl Dahlgren is managing director of BAI.
Winning the ‘war for talent’

Managing the return to the workplace is just the beginning.
he best-performing financial services companies have long prioritized talent. They recognize the importance of attracting and retaining top people who can help the organization achieve its goals.

As we look ahead to 2022, one of the most important drivers of success for financial services companies will be an ability to develop solid strategies that address the changing preferences of the workforce. In addition to addressing higher-than-normal turnover as part of the “Great Resignation,” these companies must also strengthen their recruiting value proposition to stand out in a competitive job market.

Today’s employee desires are about much more than ensuring safe office and commuting environments. How people want to work, how they use technology, how they set priorities and how they allocate their time—the pandemic has changed all of this. They want to be able to take their children to afternoon dance class or be home to help with homework. Working from home has enabled this type of flexibility by giving people more control over their schedules.

Continuing to provide that flexibility is critical. A commitment to professional development also matters, because roles are changing. Upskilling and reskilling efforts will make it possible for employees to evolve into new roles that may better match their expectations for work.

Above all, winning over employees, current and new, is about culture. People need to believe in their company’s mission and feel good about who they work for and the work they do—whether their physical workspace is in the office, at home or a hybrid of the two. A strong and vibrant culture is the foundation. It’s the most important determinant of success in attracting, developing and retaining talent.

measure of commitment or a driver of results. Today’s workers have different views about how to advance while satisfying their requirements for balance and flexibility. You can’t force your own conventional beliefs on a new generation of employees, some of whom will emerge as your leaders in the future.

Banks and credit unions should also remember they aren’t competing for talent exclusively with other financial institutions. This is especially true in highly competitive roles like technology. The results of our talent management benchmarking study suggest
that the average time to fill open positions has expanded over time, especially for higher paid and more specialized roles.

**BE CREATIVE IN HOW YOU INVEST IN PROFESSIONAL DEVELOPMENT**

Career pathing is so much more than outlining the steps an employee needs to take to move up to the next level. Today’s workforce doesn’t think in yesterday’s linear terms, and neither should financial services leaders. There are myriad opportunities for upskilling and reskilling current employees.

New approaches also help organizations become more diverse, equitable and inclusive as old, rigid training approaches are replaced by more creative and flexible development opportunities.

For example, in the early stages of the pandemic, banks of all sizes were deluged with applications for the Paycheck Protection Program. Many banks quickly reassigned employees from various areas across the organization to small-business lending and, within days, trained them to support small-business customers in the PPP process. What if staff development took on more of this sense of mission and urgency? Imagine the hidden talents that could be uncovered that would be good for both employees and the bank.

When a bank’s employees tell their networks that their employer has encouraged them, trained them and prepared them for new opportunities, the bank develops a reputation for having a culture of development and advancement and for being a highly desirable place to work. Of course, the opposite is also true.

**RECOGNIZE THAT LEADERSHIP MATTERS**

Gone are the days when financial services companies competed solely on the size of their compensation packages. To a growing degree, pay and benefits are table stakes; culture and leadership are more powerful differentiators. It isn’t easy to build a culture that enables employees to contribute at high levels and work in ways that largely match their expectations. But it can be done with exceptional leadership.

People are more likely to be proud of the company they work for if they believe in their leadership—leaders in the C-suite, middle management and their direct managers. Exceptional leadership at all levels of the organization provides clarity, inspiration and support to help employees do their best work.

Leading in hybrid environments is different—both from pre-pandemic models and from the early days of the pandemic, when nearly all employees were remote. The pandemic provided a laboratory to test a variety of models using different tools, approaches and technology. Leaders can and should use this experience to make substantive changes that will improve how they retain, develop and attract top talent.

Success will be all about creating a culture in which people can do their best work, in the way they want to do it, working for leadership they trust and admire—in 2022 and beyond.

Debbie Bianucci is president and CEO at BAI.
For banks, the future of ESG is now

Financial institutions are under increasing pressure to demonstrate their commitment to climate-friendly business.

BY HOLLY HUGHES
Environmental, social and governance issues are becoming increasingly hot topics within the banking industry as institutions adjust their strategies and practices to have more positive ESG outcomes.

As part of a highly regulated industry, banks have long addressed governance issues. In recent years, they’ve increasingly focused on social issues in response to the Community Reinvestment Act, putting particular emphasis on diversity, equity and inclusion.

Now banks are turning their attention to the E in ESG—environmental—as they begin to understand their role in becoming carbon neutral and the impact of environmental considerations on risk within their lending and investment portfolios.

In May, President Joe Biden issued an executive order that, among other provisions, directs the Financial Stability Oversight Council to find ways to assess climate-related financial risk. The Federal Reserve and the Office of the Comptroller of the Currency are exploring ways to require banks to measure such risk, and the Securities and Exchange Commission is formulating how public companies should disclose ESG-related risks.

Why banks? The industry is now seen as a “high-emitting” sector that can directly affect climate change through investment and lending choices, she says. Institutions can provide capital to businesses for activities that are either harmful or beneficial to the environment—or at least climate-neutral—and financing activities are increasingly being examined through this lens.

Banks are also concerned about stranded assets, the transition risks that will accompany governments’ efforts to crack down on emissions, and the risk of regulatory sanctions and litigation by outside parties, according to Amelia Pan, managing director of ESG advisory at boutique investment bank PJT Partners.

“We’re definitely seeing more dedicated climate-risk teams in banks, and they’ve been appointed at a very senior level—reporting to the executive committee, the CEO, and sometimes there’s a board sponsor,” she said in another BAI podcast.

Institutions across the globe are also joining initiatives such as the U.N.-convened Net-Zero Banking Alliance, whose members are committed to aligning their lending and investment portfolios with net-zero emissions targets by 2050.

Here at BAI, we definitely see this as an important issue for financial services leaders, some of whom are now getting together with us to explore what the issues are and how to best approach them.

ESG strategies are also a focus for institutional investors and ratings agencies, as well as customers and employees, according to Emily Kreps, head of ESG for the Americas at Deutsche Bank. Stakeholders are scrutinizing banks’ investment and lending practices to determine whether they align with society’s values on how to address these critical issues, Kreps told us in a recent BAI podcast.

Banking is not the only industry doing this. According to the Willis Towers Watson HR and Climate Strategy Survey, 43% of North American companies are currently developing environmental and climate strategy objectives.

Banks, like other sectors in the U.S., are behind their European counterparts in addressing the E in ESG. In our Executive Roundtable meetings, we hear a lot of conversation about organizing the team and getting executive buy-in—and then figuring out what to
forward-looking data for their borrowers and their counterparties, Pan said: “That makes things difficult. It also makes it difficult to assess and report on their own ESG framework.”

In addition to minimizing exposure to environmental risks, banks should be treating the E in ESG as a significant business opportunity—such as accelerated investment in renewable energy or investing in industries that are compatible with a low-carbon world.

EMILY KREPS, DEUTSCHE BANK

Banks are now delving into their own customer data to customize the recommendations to fit their business models and to assess how their models should evolve over time to meet sustainability goals. The intent is to reframe the investment and lending decision-making process through the ESG lens—and then to determine what metrics should be included.

Banks should first account for physical risks, both acute and chronic, that could occur when investing or lending for a particular activity, as well as potential regulatory or legal risks, according to Kreps.

Despite increasing disclosure around ESG factors, banks continue to be challenged by a lack of robust, measure within investment and lending activities, and how to measure it.

As a start, banks are looking to various frameworks for guidance, including those recommended by the Financial Stability Board’s Task Force on Climate-related Financial Disclosures, as well as by the International Integrated Reporting Council and the Sustainability Accounting Standards Board, which recently merged to form the Value Reporting Foundation.

All of these efforts will now be consolidated to formulate sustainability disclosure standards under the purview of a new International Sustainability Standards Board created by the IFRS Foundation.

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But it’s a balancing act, Pan conceded, as decisions to limit financing can have unintended consequences.

“For example, if a bank declines to renew loans on existing coal mines, it might improve its carbon disclosures,” she said. “But it could also lead to significant social implications, such as mine closures and unemployment, which in turn would have a massive impact on that market’s retail lending and potential impairments. So it’s much more complicated than just saying ‘we’re getting out of fossil fuels,’ and that’s the challenge.”

Banks will be more successful if they find ways to incentivize positive behavior among customers and help them get to a better place. For some customers, the resulting change in operations may not be a complete reversal, but banks will experience pressure from all sides to at least try to affect behavior with their financing decisions.

Financial services leaders tell us that they expect regulation to advance quickly in this area, so banks need to get ahead of it while refraining from unintentional “greenwashing,” or focusing more on the appearance of sustainability than its reality.

But it’s much more than regulatory compliance. It’s about the broader view of stakeholders versus just shareholders, which includes how employees and customers feel about key components of ESG. Those forces combined, I think, will spur banks to move quickly on adjusting their business strategies to drive meaningful change.

Holly Hughes is chief marketing officer at BAI.
Looking ahead to greater risk

From account takeovers to data exchanges on the dark web, the financial industry faces increasing peril from cybercriminals.

BY ERIC TRAN-LE
It’s been a busy year for fraud and financial crime, and the fast-changing risk landscape continues to create new vulnerabilities for financial services organizations.

Key fraud and money laundering trends of the past year are positioned to become an even greater threat for banks and credit unions and their customers in 2022. With the new year edging closer, below is a closer exploration into the anticipated trends for 2022 and what financial services companies can expect to face as they shape their long-term risk management efforts and technology investment priorities.

Faster payments and digital acceleration have played major roles in the evolution of key fraud and money-laundering trends, creating a breeding ground for scams and leading to faster identity theft and a big spike in data breaches. Fraudsters and cybercriminals are using the instant-payments infrastructure and skyrocketing online activity to gain access to sensitive information. They’re also taking advantage of weaknesses in fraud prevention systems and authentication controls and technologies.

Four critical trends have shaped the risk landscape this year:

Account takeover: Account takeover attacks have increased dramatically in 2021, with recent research revealing that 64% of financial institutions are experiencing higher rates today than before the onset of the pandemic. Generally, ATO stems from identity theft. It entails unauthorized access to a legitimate customer’s online account to facilitate fraud and financial crimes. ATO is challenging to detect because cybercriminals alter login and contact details to prevent account owners—whether businesses or individual customers—from realizing that they have been compromised.

Mobile consumer fraud: Mobile banking and the integration of instant-payment channels such as Venmo and Zelle have answered growing consumer demands for convenient digital banking services. While mobile banking presents opportunities for financial services providers to improve customer engagement and deliver memorable digital-first experiences, it has also opened the gates to more financial crime and introduced new challenges in fraud management. Organizations are struggling to maintain the momentum of faster payments and to secure faster payment channels while reducing friction during authentication.

Data breaches: The number of data breaches in the first nine months of 2021 was at least 17% higher than the total number of breaches in 2020, with approximately 280 million people affected. Compromised data from these breaches includes broad sets of personally identifiable information (PII), as well as partial information such as birthdates and addresses. Fraudsters and financial criminals use this sensitive data to fuel schemes and attacks, such as committing application fraud via synthetic identities. Data breaches are widely commoditized on the dark web, which has resulted in a normalization of compromised PII and, by extension, a surge in complex fraud activity.

Dark web activity: The dark web is a lucrative resource for cybercriminals and serves as an illicit marketplace and open exchange for stolen information at scale. Bad actors can cheaply procure sensitive data and synthetic identities, as well as arrange money mules and a range of other underground services to augment their crimes. They can also share anti-fraud and evasion tools and controls. In addition, large criminal networks mobilize in the digital underground to organize campaigns against financial services organizations of all types and sizes, and in all regions. The quantity of data and activity available throughout the dark web has grown exponentially recently, powered by the rise in data breaches, increasingly advanced cybercrime tools, and the massive adoption of digital banking and online activity.

As organizations scramble to sustain and advance their digital-first agendas amid market, social, and economic disruption, these key trends will accelerate in 2022.
It can take upwards of a year for criminals to start using illegally obtained information, tools or techniques, so in the coming 12 months, we expect to see cybercriminals exploiting and weaponizing the data they purchased on the dark web over the past year.

Financial services providers must prepare for waves of attacks against their organizations, assets and customers. These attacks are likely to manifest in the form of highly sophisticated, diverse and automated fraud and financial threats. Exposure to new and emerging fraud vectors and complex fraud risks, developing terrorism financing and money laundering risks, and threat types that are sliding across all channels and products will culminate in an environment of unprecedented threat.

The always-connected consumer landscape will also contribute to the growth of consumer scams. This issue will be aggravated by the technological proficiency of cybercriminals who consistently refine their techniques and approaches to adapt to emerging tools and technologies, the evolving payments environment, changing consumer behaviors, and industry disruption. Advocacy groups continue to insist that financial services organizations should be liable, and individual consumers even threaten banks on social media when fraud occurs. Under these mounting pressures, as the onus of liability gradually shifts, banks are increasingly stepping up to reimburse consumers in these circumstances.

In 2022, FSOs will face new obstacles that will require them to step up their efforts to modernize their fraud prevention and AML programs alongside their digital transformation initiatives. The risk landscape will only grow more complicated, automated and diversified, and organizations must remain vigilant to stay ahead of the anticipated threats as the coming year unfolds.

Eric Tran-Le is head of NICE Actimize Premier.

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Purpose-built CRM platforms come ready to provide CX value from day one.

BY REBECCA MARTIN
In response to shifting consumer expectations and mounting pressure from new competitors, banking industry leaders are expected to invest heavily in customer experience in 2022. Investments in customer relationship management and customer engagement platforms are top priorities in supporting those CX upgrades.

But institutions can’t depend on tech investment alone to make them leaders. They also can’t depend entirely on the improved CX they are planning; after all, most institutions have similar plans. So what will truly benefit banks and credit unions?

CX is like accumulating interest—those who start early benefit the most. To start early, banks and credit unions can’t afford the time to build out customer relationship management and customer engagement platforms from scratch. They need platforms that are purpose-built for banking and ready to provide value from the start.

Institutions are wise to make improved customer experience a top priority. A mere 2% increase in \textit{customer retention} delivers the same financial benefit as a 10% cost reduction, and acquiring new customers can cost five times more than retaining existing ones. Leadership teams are realizing that those who improve CX first have a significant head start and will continue to benefit.

**Changes in the CRM Industry**

While time-to-return on CRM has been emphasized by banking’s CX push, it has always been a pain point for financial institutions using CRM-engagement platforms. Even five years ago, the latest and greatest CRM and engagement platforms were “raw” or “customer-builder” platforms. These platforms were novel because they provided the already coded infrastructure within the software for users to customize their customer relationship management.

The key phrase here is “customer-builder,” not bank- or credit union-builder. Generic CRMs are made for any company to use; they enable customization. But to use them, banks and credit unions must first customize them to banking, and then further customize them to their specific institution.

As anyone who’s launched a generic CRM can tell you, customization has downsides that can impede achieving the desired results. Improving CX takes years of successful planning, defining and building in a generic platform. If you encounter software idiosyncrasies that disrupt your progress, it’s your job to fix the problem or pay a consultant to customize around the roadblock.

Institutions have never had time for extra platform customization, and today, they have even less. This has created an opportunity for new CRM-engagement platforms that take aim at the time-to-return pain point by making technology that is purpose-built for banking.

**Joining a Brain Trust**

Most financial institutions have two big challenges when upgrading CX with tech. First is the practicality of building out a platform. Second, and perhaps more daunting, is figuring out the specifics of what they want to do with their platform.

Choice of tech can make a significant difference here. Generic platforms don’t solve either problem, but purpose-built platforms can address banks’ and credit unions’ challenges when it comes to customizing to retail banking. They can also help institutions define their vision for improved CX.

What is the baseline for CX in retail banking? What best practices have other banks and credit unions discovered? Platforms that focus on banking learn from the marketing directors and leaders of retail banking, along with experience officers and digital officers. This learning isn’t about sharing proprietary strategies;
it’s about retaining functionality from all banks and credit unions that upgrade CX.

Similar to a trail where many feet have beaten down a path, purpose-built tech retains a general memory of how a banking organization has used it. It does not share the specific steps taken by each individual user, but it does remember where many have gone.

DEFINING YOUR DIFFERENTIATORS

Purpose-built solutions allow banking marketers to focus on defining unique experiences for onboarding or loan retention, rather than reinventing the wheel. They also can focus on strategic initiatives that set the marketing and retail banking departments up for success, especially as these initiatives support growth and revenue goals of the overall institution.

Defining when a banker engages a new depositor is a good example of a unique flourish in customer experience. As a depositor works through onboarding, the institution can decide if the end goal of the onboarding journey is a meeting with retail bankers, or if they want onboarding to be fully self-service unless the depositor’s progress stalls. Another example is auto loans that are near payoff. Will staff engage in response to an initial show of interest in a retention email, or will the borrower go through a journey first? Depending on the product and on the service culture of the institution, banking organizations are set up to reach their desired version of member or customer experience.

Competition puts a finer point on the need for industry-tailored tech. Your institution can’t be stuck defining the basics of your business in the technology while your competitor offers a sophisticated CX. If a bank notices new competition for consumer loans, for example, CX customization is a dial it can turn to win loans—thus mitigating competitive pressures on rates.

When it comes to choosing CRM and engagement platforms, financial institutions have two options: an engine that’s ready to run or a set of engine parts requiring assembly. While starting with just parts has its appeal—you can realize your vision for CX engagement, building the platform out as you go—it requires significant cost and time, which raises the risk that you’ll fail to reach your desired ROI.

Most institutions that set out to improve customer experience need both a playbook for great CX and the right technology. Without a vision for what CX should look like, there is no schematic for assembling a custom engine.

Explore a platform that’s purpose-built for retail banking—one that can get you much farther down the road while your competition considers buying a pile of parts.

Rebecca Martin is chief marketing officer at Total Expert.
BY CHRISTINA LUTTRELL

Better check that ID

An innovative, consumer-centric approach to identity verification can help financial institutions build trust and loyalty.
To that end, financial institutions must find ways to create seamless and meaningful customer journeys that build trust and foster loyalty. As we wrote in a recent research paper, financial institutions cannot deliver personalized and compelling products and services at the point of creation without in-depth knowledge of the customer that goes beyond basic KYC requirements. Identity verification with transparency forms the starting foundation for personalization.

Furthermore, financial institutions must prepare for an influx of digital newbies who intend or need to conduct more of their business online. According to our 2020 study, the pandemic forced consumers of all ages to move into the digital ecosystem, and 94% of them expressed a willingness to continue to use most or all of the online services they had switched to, even after in-person restrictions were lifted.

The takeaway? Consumers are open to giving financial services providers a more significant share of their wallets, but with a catch: They are also open to leaving for a competitor when they become disconnected or disillusioned.

As we head into a new year, financial institutions are determining how to overcome existing challenges and prepare for new ones. One high-reward tactic is taking a more strategic approach to identity verification (IDV). This is part of a larger interlocking puzzle of frictionless onboarding, fraud deterrence and regulation that will help institutions deliver personalization, maximize benefits and, ultimately, achieve competitive differentiation.

IDV REGULATION AND PERSONALIZATION

We all know that the state of regulation is changing rapidly. Compliance hinges on the use of purpose-built technology that delivers clear, explainable and defensible-decision data trails. Adapting to changing regulations—including “know your customer” standards, customer identification programs and anti-money laundering laws—is a perennial challenge. A high-performing IDV program can be easy to implement and adapt on the fly, and it can provide customers and regulators with visibility into how decisions are made. As a result, institutions don’t need to engage IT colleagues to update platforms, allowing them to remain agile and responsive to evolving regulations.

An end-to-end IDV approach that considers the entire enterprise—from branch to computer to mobile, as well as channels, lines of business and even cross-border functions—can also break through silos and keep your entire organization compliant. It can be a practical solution that works across systems to detect cross-department velocity attacks and weed out bad actions using “perfect identity” credentials that can protect the organization as a whole from fraud.

As consumers spend more time in front of screens, they expect more seamless and predictive digital experiences. Vetting and curating customers’ digital identities can allow your institution to personalize the consumer experience. Customer journeys and experiences are constantly being upgraded, particularly those products and services that are not bound by regulatory mandates. User experience-centric services set the standard that other businesses must meet, regardless of industry.
Aite Group estimates that synthetic identity fraud will continue to grow over the next couple of years, with losses projected to reach more than $4.1 billion by 2023.

STAYING AHEAD OF FRAUD
Given the fractured nature of the identity framework in the US market, synthetic identity fraud (SIF) continues to rise. Aite Group estimates that SIF will continue to grow over the next couple of years, with losses projected to reach more than $4.1 billion by 2023. The company recommends that organizations adapt their control frameworks to better address SIF, including using a multilayered detection strategy, segmenting the remediation approach for suspected synthetic fraud, and analyzing collection queues.

For new-account fraud in general, and SIF in particular, an ounce of prevention can equal a ton of cure. Detecting and deterring a fraudster at the point of identity verification prevents the downstream costs of bountiful bust-outs and investigations of exactly how well you know your customers.

As regulations grow in complexity and scope, achieving compliance while combating fraud, particularly synthetic identity fraud, remains a challenge. A high-quality IDV program relies on multilayered identity attributes to ensure consumers are accurately verified and have a frictionless onboarding experience. By thinking strategically about identity verification, along with IDV innovation, financial institutions can adopt an IDV solution that’s easy to implement and works across systems in real time to protect the entire enterprise.

Banks and credit unions can’t sleep on last year’s threats. Rapidly changing fraud dynamics require financial institutions to quickly adapt their IDV processes to meet evolving threats, deterring fraud without increasing friction and delivering the personalization that customers demand.

Christina Luttrell is the chief executive officer of IDology, a GBG company that focuses on multilayered identity verification and fraud prevention.

Creating better onboarding experiences while fighting fraud can feel like a balancing act. IDology’s multilayered, transparent identity verification solutions enable industry-leading financial institutions to smoothly onboard and authenticate customers without increasing fraud or friction.

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75% of consumers prefer a financial institution that utilizes advanced identity verification methods

72% of consumers say “security” is the most important part of opening a new account

93M consumers have abandoned applying for a new online account because the process was too difficult, time consuming or did not seem trustworthy

Source: 4th Annual Consumer Digital Identity Study, IDology, 2021

Verify and approve more legitimate customers.
A case for contactless cards

Consumer demand for no-touch payment methods continues to accelerate.

BY NICOLE MACHADO
In the wake of the COVID-19 pandemic, we are all reconsidering how we do things. Over the course of a few short weeks last year, new realities reshaped our thinking. We became acutely aware of viruses and the role that contact plays in their spread. As a result, demand for technologies that eliminate contact and alleviate the fears of consumers and merchants skyrocketed.

In March 2020, about 38% of consumers said they viewed contactless as a basic need or feature of payments—up from 30% before the pandemic. It’s too early to understand the long-term effects of social distancing, stay-at-home orders and a closed economy on consumer lifestyles and behavior.

But it’s clear that the pandemic-related surge in contactless payments will not reverse after pandemic fears subside. One compelling reason is that, according to industry research, about 65% of U.S. merchant locations accept contactless payments. Contactless payment capability can power a better customer experience. In addition to eliminating the risk of contagion through contact with cash, payment terminals and other surfaces, it can be faster, easier and more convenient.

To drive adoption, the payment industry needed consumers to try contactless payments once, knowing that the benefits would speak for themselves. The pandemic sparked that trial, and now consumers are increasingly adopting this payment experience.

**Contactless technology has fully emerged**

While still considered an emerging technology by some, up to 80% of consumers globally use contactless credit and debit cards, and for roughly half that number, tap-and-go cards occupy their top-of-wallet position.

Consumers want it, merchants support it and issuers can no longer afford the luxury of time. Keeping your card top of wallet with cardholders means staying ahead of a flattening curve. The good news is, as a result of the U.S. EMV liability shift of 2015, you probably already issue chip-enabled cards, which means you are halfway to offering customers the security and convenience of dual interface.

Dual-interface cards offer consumers a choice of payment technologies—contact (EMV chips) and...
Contactless payments allow a cardholder to complete a transaction while maintaining possession of their card and without touching the point-of-sale device.

Consumer demand for contactless payments is growing. Historically, technology has been a key driver of human behavior. This time, it’s the other way around.

Nicole Machado is the executive director of product strategy for Vericast Card Solutions. She is responsible for the overall strategy and operations of Vericast’s card business, which includes card manufacturing, central issuance, instant issue and prepaid solutions.

Contactless card technology offers consumers the convenience, speed and safety they now demand.

Harland Clarke combines superior service and a deep understanding of the market, as well as strong relationships with multiple suppliers, to build a card program tailored to meet the needs of your customers.

From contactless chip card manufacturing to instant issuance to personalization and prepaid cards, you need a card program that keeps your card the one customers reach for every time.

Nicole Machado is the executive director of product strategy for Vericast Card Solutions. She is responsible for the overall strategy and operations of Vericast’s card business, which includes card manufacturing, central issuance, instant issue and prepaid solutions.
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