

# Challenges to new customer enrollment in the age of digital banking

## 2016 SAW RECORD DATA BREACHES ACCELERATED BY THE CLOUD



35

data records are breached every second

79%

of global data breach incidents in H1 were in North America



Personal Identity Information theft dominates, accounting for

64%

of all attacks

## IDENTITY THEFT IS MASSIVE AND FOCUSES ON DEFRAUDING GOVERNMENTS AND BANKS



17.6 million Americans were victims of identity theft in 2014

49.2%

Government documents and benefits fraud

15.8%

Credit card fraud

5.9%

Bank fraud

3.5%

Loan fraud

36.1%

Other

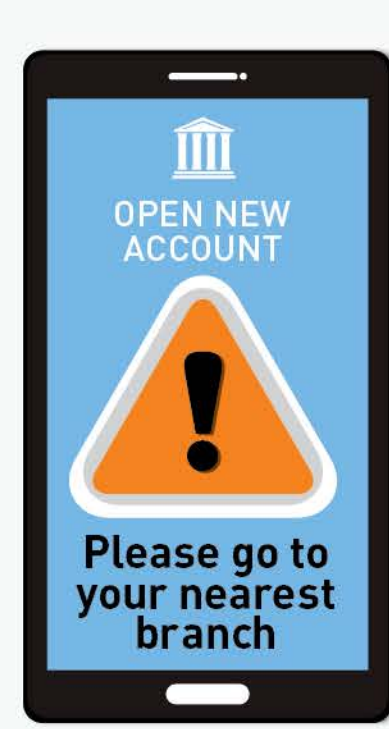
2015

How victims' information is misused

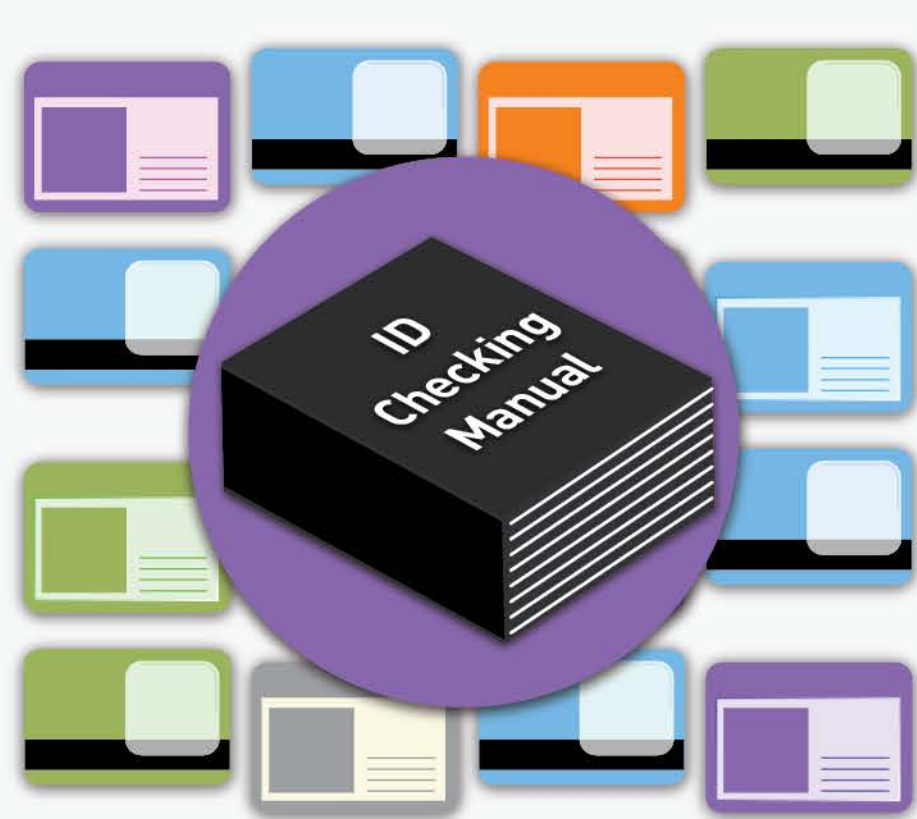
## ISSUER ID VERIFICATION PROCEDURES ARE FLAWED

### Inconvenient

ID verification can only take place in the branch



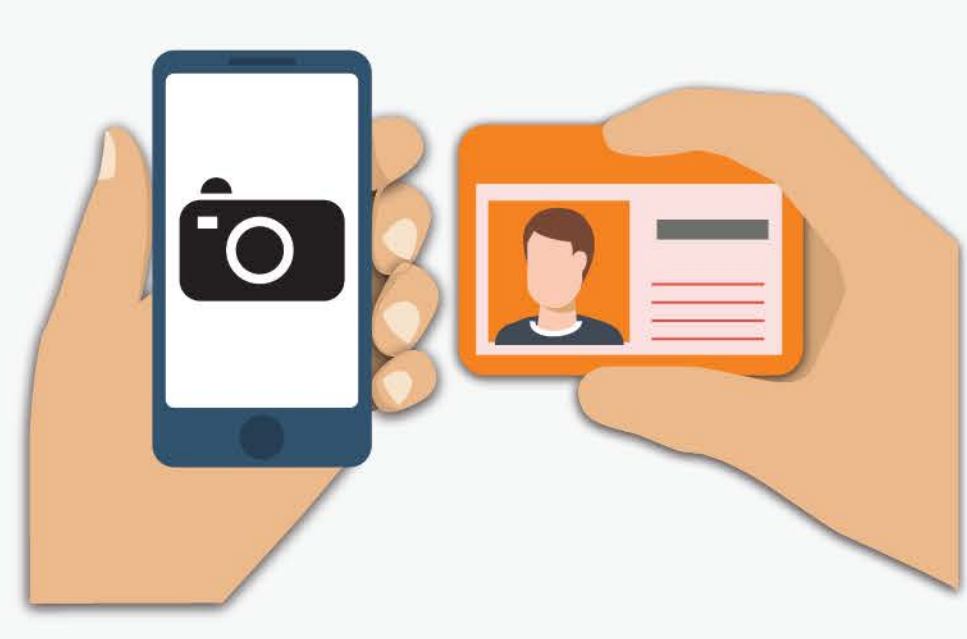
### Error-prone



Branch employees need to master tens of state and federal IDs

### Vulnerable to fraud

Customer data can be exploited by branch employees



### Time consuming

Manual data entry and ID scanning takes up valuable time



### Inconsistent



Enforcement and audit of KYC processes suffers due to lack of automation

### Outdated

Digital IDs are coming on the scene which require new verification technology



## SOME EXAMPLES OF HOW IDENTITY THEFT IS EXPLOITED

### Call center fraud



Using stolen personal information, fraudsters can convince call centers to give them access to bank accounts

### Credit card fraud

Using synthetic identities, good credit history is built over the years. When the credit limit is raised to \$50K, the fraudster takes a huge cash advance and disappears



### Insider fraud



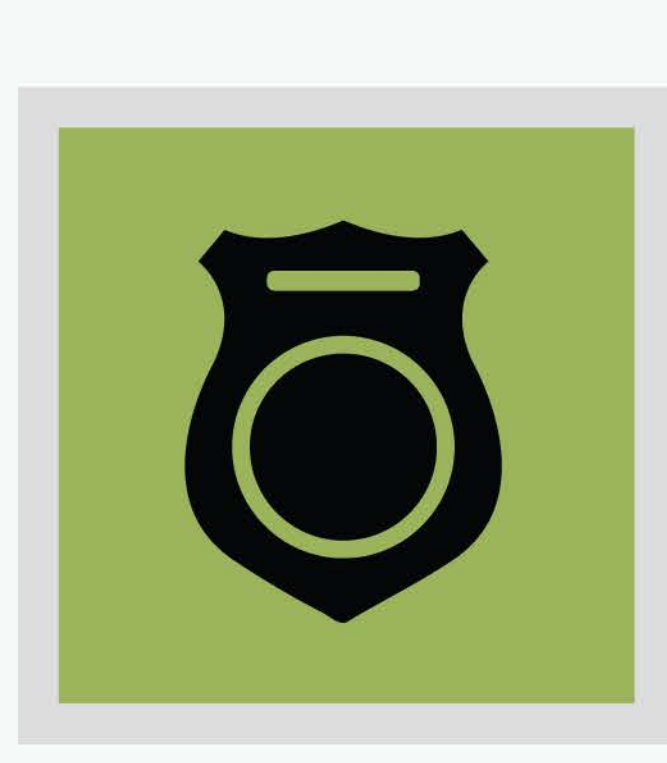
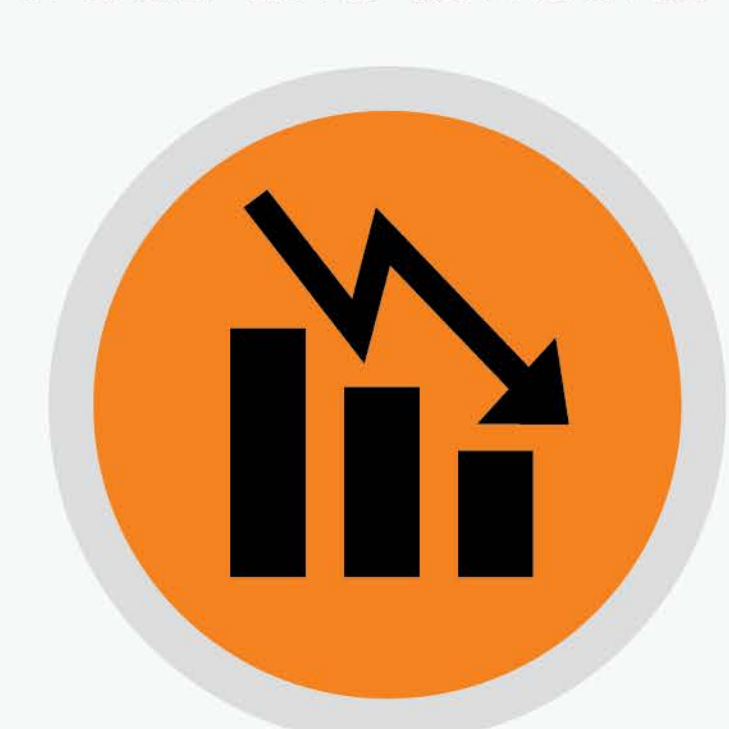
Bank employees (including branch managers) use existing customer information to open accounts and launder money

## ISSUERS ARE PAYING A DEAR PRICE FOR INADEQUATE ID VERIFICATION



Irreversible loss of reputation

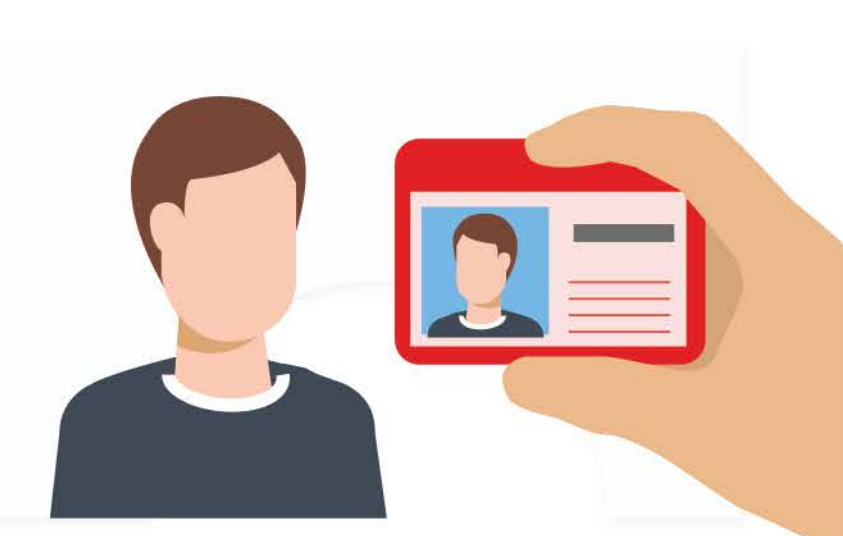
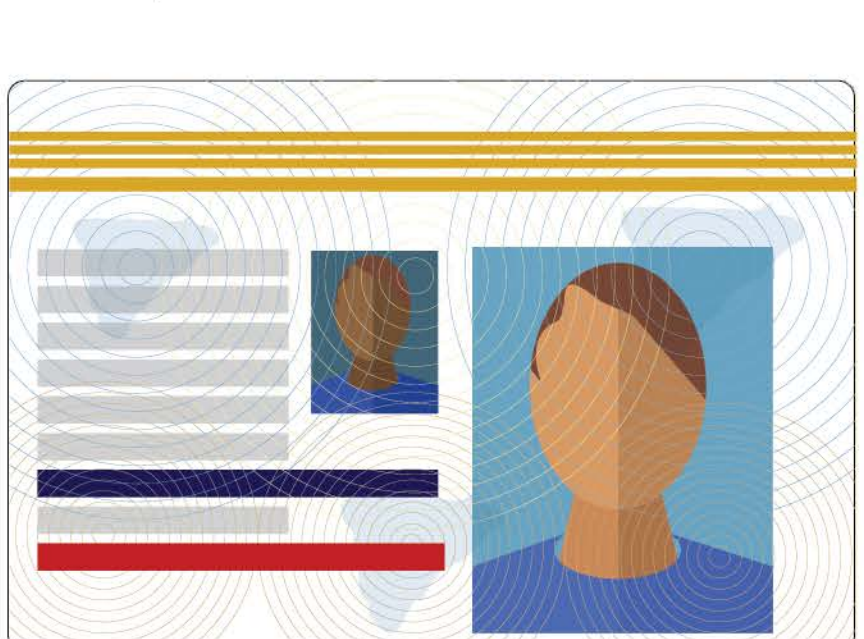
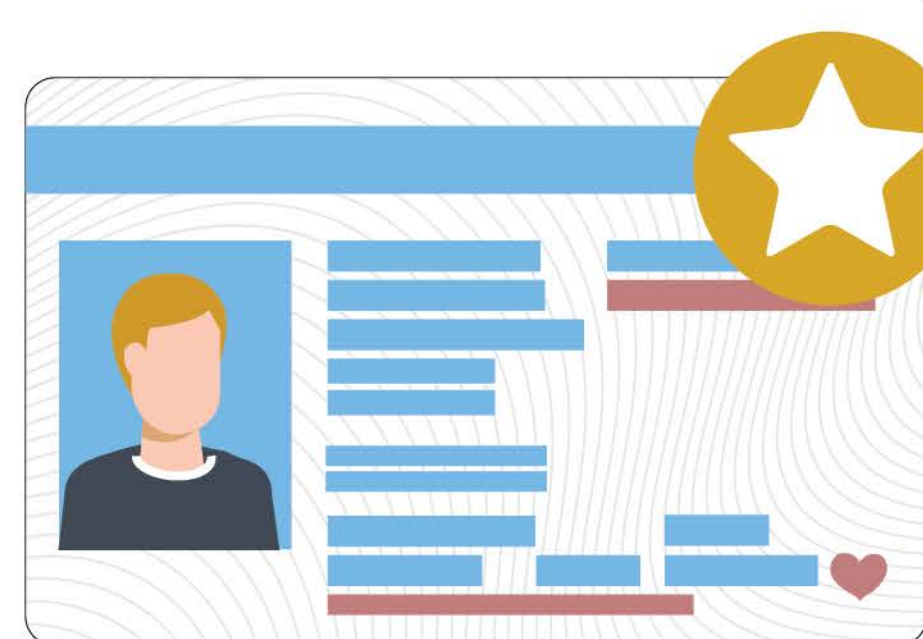
Huge losses from fraud and lawsuits



Hundreds of millions in fines and sanctions

## MANUAL ID VERIFICATION WILL GET HARDER IN 2017

New ID cards and drivers licenses will be issued in tens of jurisdictions, as the 2017 deadline approaches for the **REAL ID Act** and new **AAMVA** card design compliance measures



**FINTRAC** has outlined new methods to ascertain the identity of clients in Canada, including mandated photo ID verification

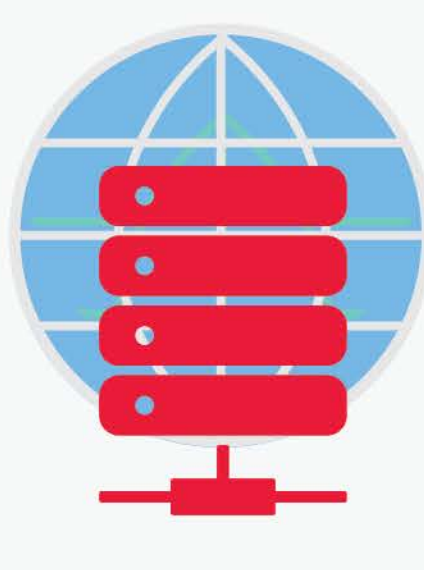
## AUTOMATED ID VERIFICATION MINIMIZES ID FRAUD AND MAXIMIZES REACH

### Industrialized document forensics



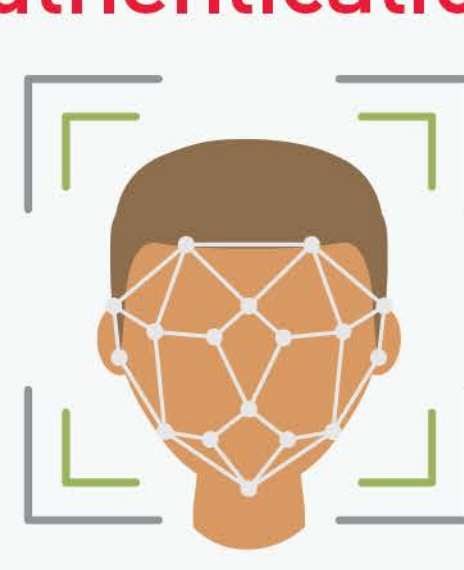
Forensic document checks confirm document integrity, security features and data consistency

### Real-time results



Compared against an up-to-date global document template repository, results are returned within seconds

### Biometric authentication



Facial biometric matching confirms the person presenting the document is its genuine holder, before proceeding to background checks

### Omni-channel enrollment



Beyond the branch, ID Verification can be performed on any connected device—smartphones, tablets, kiosks and computers

### Digital audit trail



Compliance made easy with streamlined digital processes and back office integration, supporting service expansion and open APIs

### Future-proof



Ready for next-generation digital IDs, biometrics and NFC scanning of eDocuments

Gemalto provides identity verification solutions for new customer enrollment on digital, physical, and unattended channels, based on ID document forensics and biometric checks. Visit <http://www.gemalto.com/financial/issuance/id-verification>

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security to be free

Sources: Gemalto Data Breach Index, FINTRAC, Insurance Information Institute, US Department of Justice