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Looking Beyond KBA

Solving the Fraud vs. Customer Experience Challenge in Digital Account Opening

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This whitepaper explores the challenge of identity verification in the digital account opening process, and how document scanning can improve on KBA driven processes.

Key findings:

- Digital account opening is flourishing, with digital channels being the most popular way for customers to open credit, savings, and checking accounts in 2016
- Mobile millennials lead the digital charge, but dynamic KBA is getting in the way.
- DAO is attractive to criminals, too, offering the same remote convenience given to legitimate customers, along with increased anonymity and scalability.
- Ineffective identity verification tools drive application abandonment.
- Each FI needs bespoke identity verification processes to meet the needs of its specific customer populations, but all must address the three pillars of successful digital account opening: customer experience, regulatory compliance, and evolving fraud risks.

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Consumer data in this report is based on information collected in random-sample panel surveys of:

- 10,639 consumers in a May 2016 survey. The margin of sampling error is ± 0.95 percentage point for questions answered by all respondents.
- 5,111 consumers in an October/November 2015 survey. The margin of sampling error is ± 1.37 percentage points for questions answered by all respondents.

Executive qualitative interviews were also conducted with senior digital banking and fraud and security executives to obtain their perspective on digital account opening.

Five interviews were completed with bank executives at large national and regional FIs.

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