TransUnion

The Evolution of Identity Proofing

Exploring market drivers and strategic solutions for enabling digital trust

Introduction

The Economist Intelligence Unit, sponsored by TransUnion, surveyed over 1,600 security and fraud prevention executives from 12 different countries to better understand how businesses are building trust with consumers. The results told a compelling story of the challenges and opportunities that lie ahead as businesses around the world approach how they verify and authenticate legitimate consumer identities -- or, identity proofing.[1]

One of the biggest concerns in identity proofing today is a global, widespread lack of consistent credentials. The resulting inability to provide proof of identity poses numerous challenges for already vulnerable populations, as it inhibits access to digital commerce, government programs, travel, financial services, and more.[2]

An estimated **1 billion** people around the world lack proper government-issued identification such as passports or birth certificates.[3]

[1] *New Dimensions of Change: Building trust in a digital consumer landscape, Economist Intelligence Unit, October 2020.*

[2] *The World Bank, 2019*

[3] *"Cybercrime risk and COVID-19", Burges Salmon, April 28th 2020*

The market drivers enabling digital trust

While this is a pressing issue for both businesses and consumers, the results from the Economist Intelligence Unit report indicate that there are three market drivers enabling digital trust initiatives while giving consumers access to the digital services they need:

National digital IDs

Biometrics

Privacy regulations

National digital IDs and biometrics

National digital IDs are government-administered programs that provide digital identities for residents. These programs are available in an estimated 70 countries, and according to research from the Economist Intelligence Unit, companies often find it easier to authenticate customers and offer digital services securely when leveraging a single identification unit.
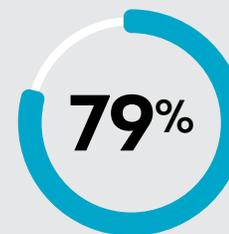
Global respondents believe that national digital IDs could open untapped areas of economic opportunity:
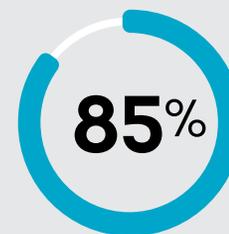
Some national digital ID programs are biometrics-based, affirming the increasing adoption of biometric authentication – or, the process of using unique biological characteristics to validate a consumer – all over the world.

70% believe they give lower-income customers access to more services

79% believe national digital ID programs can benefit their business.

85% of global respondents expect biometrics to be used to authenticate the vast majority of payments over the next decade.

Privacy regulations

Privacy regulations are assisting in building consumer trust within the digital economy, with at least half of the respondents believing that their customers' experience has benefited from privacy regulations. And as privacy legislation continues to expand and evolve, the use of big data is growing as well - and consumers are more willing to share personal data when they are informed of their rights and protections.[4]

of the executives surveyed believe their fraud prevention efforts have benefited from government-imposed data privacy regulations.

64%

The regulatory environment varies throughout regions, and is increasing in scope and complexity as organizations are often under scrutiny on how data is collected secured, used and shared.

[4] Marketing in a post-GDPR world: what's changed?" Aug 2nd 2019.

Identity proofing checklist

Industry analysts Gartner and Javelin recommend that businesses corroborate identities by orchestrating solutions to centralize tools and ensure cohesion.[5] These solutions need to work as transparently as possible to deliver a "friction-right" experience to consumers.

When it comes to identity proofing, organizations should layer solutions based on their business needs and transaction risk.

Data-driven identity verification
- Confidently verify consumer identities by confirming the authenticity of their information against robust datasets.

Document-based verification with biometric capabilities
- Reduce customer abandonment by validating consumer-provided documents via AI against trusted datasets. Verify consumer selfies with liveness detection technology.

Automated prefill of application data
- Simplify the consumer onboarding experience and reduce application abandonment by reducing data entry requirements.

[5] *"Market Guide for Identity Proofing and Corroboration", Gartner Research 2019.*

Identity proofing checklist

Dynamic knowledge-based verification
- Reduce consumer friction with user-friendly authentication that leverages diverse data sources and is dynamically assigned based on transaction risk.

Strong multifactor authentication leveraging mobile device biometrics
- Build consumer trust with risk-appropriate authentication that enables consumers to easily access their accounts and authorize transactions.
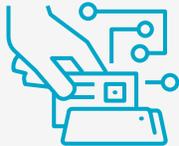
Device intelligence and device/account pairing
- Stop fraud in real time with advanced device intelligence assessments that weigh hundreds of attributes and leverage global fraud and abuse history.

Machine learning algorithms, insights and risk scores
- Identify good customers and distinguish between risky and trustworthy transactions by leveraging predictive, machine learning-based insights.

Effective solutions for corroborating identities

Until all people have access to basic identification credentials, businesses must find alternative identity proofing solutions to authenticate consumers and securely offer digital services.

Ranked Best in Class by Javelin among identity proofing providers,[6] TransUnion unifies personal and digital data into a more precise and accurate data identity. Our secure identity proofing solutions provide superior consumer insights resulting in higher match rates, superior lift and fewer consumer challenges. As you assess your identity proofing needs based on the evolving digital landscape, find out how TransUnion can assist in strengthening your strategies.

[6] *"Identity-Proofing Scorecard: Enterprise Solutions", Javelin, 2020.*

About TransUnion (NYSE: TRU)

TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing a comprehensive picture of each person so they can be reliably and safely represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things.

We call this Information for Good®.

A leading presence in more than 30 countries across 5 continents, TransUnion provides solutions that help create economic opportunity, great experiences and personal empowerment for hundreds of millions of people.

About TransUnion Global Fraud Solutions

TransUnion Global Fraud Solutions unite both consumer and device identities to detect threats across markets while ensuring friction-right user experiences. The solutions, all part of the TruValidate suite, fuse traditional data science with machine learning to provide businesses unique insights about consumer transactions, safeguarding tens of millions of transactions each day.

transunion.com/solution/truvalidate