

Five considerations for offering identity theft protection

Rising consumer expectations accelerate banks' adoption of innovative fintech solutions that enhance their customers' digital experiences, solidify relationships, and offer new opportunities for revenue growth. Technologies that increase a customer's sense of security have gained top of mind with many community banks and credit unions. And one of the leading fintech security offerings addresses a rising national challenge. This article presents five considerations for community banks and credit unions evaluating whether to offer ID Theft Protect to retail customers.

\$0B

COST IN LOSSES FROM IDENTITY THEFT

0M

CONSUMER THEFT IDENTITY REPORTS RECEIVED BY THE FTC

\$1B

COST IN LOSSES FROM IMPOSTER SCAMS

\$210M

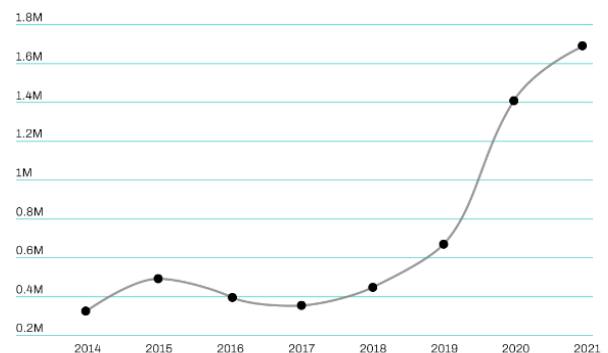
COST IN LOSSES FROM CONSUMER ONLINE SHOPPING FRAUD

01

Rising ID theft

Research combined with anecdotal evidence indicates a rise in identity theft across the United States. With fewer consumers carrying cash, the potential for cyber crimes has risen exponentially in post-pandemic times. ID theft has surged. This recent graphic from the Federal Trade Commission (FTC) highlights the growing incidents of ID theft within the United States.

Identity Theft Reports in the United States



Data source: Federal Trade Commission

According to the National Council on ID Theft Fraud Prevention:

- Losses from identity theft have cost Americans \$5.8 billion.
- The FTC received 5.7 million total fraud and identity theft reports, 1.4 million of which were consumer identity theft cases.
- \$2.8 billion of losses were from imposter scams and \$392 million were from consumer online shopping.

The problem of identity theft continues to grow dramatically in the US. It is difficult for consumers to stay on top of identity breaches as theft methods are becoming increasingly sophisticated.

02

Serving as a trusted advisor

Banks and credit unions often fill the role of trusted advisor to their retail customers who place their savings and monetary relationships with their go-to financial services provider. ID Theft Protection becomes a natural extension of this role and in some cases an expectation, as consumers prefer a known, local entity providing this service versus an online provider with little or no brand recognition.

Trust becomes one of the key drivers in providing effective financial services. ID Theft Protection is a natural offering from the same organization funding a loan, providing a credit card, or offering a CD for a college fund. Trusted services from a reliable advisor support the feeling that an institution's focus is on the consumer's best interest. Successful banking relationships have always been about creating trust.

The timing of when to offer ID Theft Protection can often dovetail with a major financial event of a banking customer. For example, applying for a mortgage entails much personal disclosure that can unsettle a consumer. The financial institution providing ID Theft Protection during the loan application process can go a long way to furthering their role as a trusted advisor.

An extension of building trust is looking out for the customer—helping to build the right habits and ensuring they are on the best path from a financial point of view.



4%

OF FINANCIAL SERVICES LEADERS REPORT EXCELLENT DIGITAL CUSTOMER EXPERIENCE

03

Improving customers' digital experiences

As financial institutions look to expand their digital relationships to create an engaging customer experience, they should consider the following: If the institution is able to provide the right type of guidance and meaningful interactions, the digital relationship is strengthened and that's a direct line of benefits returned to the financial institution.

44%

OF FINANCIAL SERVICES LEADERS REPORT A MERELY AVERAGE DIGITAL CUSTOMER EXPERIENCE

A mere 4% of financial services leaders report that they deliver an excellent customer experience digitally, a decline from a year ago, according to the BAI's Banking Outlook: 2023. The survey focused on identifying trends and strategies for retail banks. The report went on to say that 44% of respondents said the digital customer experience they deliver is merely average. Clearly banks and credit unions need to invest in digital offerings for both their mobile banking and online products.

A trusted partner that allows financial organizations to easily offer services such as ID Theft Protection can serve to enhance customers' digital experiences. At this same time, these partners should enable bankers to easily brand ID Theft Protection as their own, reinforcing to customers their bank or credit union provides a broad range of leading financial services.

04

Growing relationships

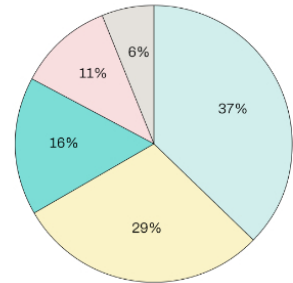
ID Theft Protection by its very nature provides a financial institution increased contact with customers through alerts and informational updates. These communications not only cement relationships but create an additional channel to make appropriate cross-sell offers of additional banking products. For example, when an alerted customer visits the institution's website, a relevant offer for a new financial product can greet them.

Bank and credit union customers expect more personal engagement from any digital partner including their financial institution. In fact, many customers wish banking services provider were more proactive in engaging with them—like other types of service providers, as demonstrated in this finding from the Boston Consulting Group.

The bar has been raised by these and other online service providers, and ID Theft Protection helps secure and retain customers by meeting expectations for relevancy and timeliness.

I want my bank to be more like...

- 37%** **Amazon**
I know what I need, but I'm open to some relevant automated feedback
- 29%** **A Personal Shopper**
I know I need something, I just don't know where to start
- 16%** **A Supermarket**
I know what I need, and I know it will have it
- 11%** **My Doctor or Dentist**
I don't enjoy going, but I know I need to go regularly for important help
- 6%** **My Gym**
I want it to be an important part of my regular routine



Data source: Boston Consulting Group

05

OFFERINGS



Offering ID theft protection

Digital products should be easily integrated with an ID Theft Protection offering that provides open banking integration based on API technology. As previously noted, this offering should allow the financial services provider to re-brand the service entirely as its own offering, allowing the consumer to maintain positive impressions of the product set.

ID Theft Protection should contain certain baseline capabilities such as:

ID Theft Insurance

If bank or credit union customers experience identity theft, the institution should be able to offer monetary protection from any fraud that may occur.

Ease of Launch

A financial institution's partner in offering ID Theft Protection should provide a proven and swift product implantation methodology allowing the provider to minimize installation time and their own resources.

Dark Web Monitoring

A scan of the entire online landscape ensuring a thorough search for fraudulent use of a customer's data across the web.

With these five considerations in mind, community banks and credit unions can pursue an ID Theft Protection offering that establishes peace of mind for their customers and foundational relationship benefits for their institutions.