

Automated Identity Verification for Frictionless Onboarding on Mobile Banking Applications

By adding Incognia Address Verification, a top retail bank in Brazil was able to verify 85% of new mobile applications automatically and reduce false negatives by 63%.



Problem

A leading held retail bank in Brazil was looking for an identity verification solution that would streamline new mobile account onboarding. The bank was relying on a credit bureau that only verified 60% of new accounts on average, creating a time and resource intensive manual review process.



Solution

The bank integrated Incognia Address Verification into its mobile onboarding process to automate mobile identity verification with location-based behavioral biometrics. The solution matches device behavior to the address provided by the new user to automatically verify identity.



Results

By adding Incognia Address Verification, the bank was able to automatically verify **85%** of all the new mobile applications it received. Additionally, it:

- Opened **5,481** additional accounts, a **38%** increase
- Reduced manual reviews by **24%** to onboard new customers faster
- Decreased false negatives by **63%** to ensure all good customers are approved

Mobile banking users are projected to exceed 3.6 billion by 2024, a 54% increase from 2.4 billion in 2020¹. Leading with convenience and a first-class customer experience has helped challenger banks gain market share. Traditional banks have taken note, with many launching digital banks of their own.

While this is happening, identity verification is being redesigned to support online and mobile banking. Asking a prospective customer to upload a copy of identity documentation, such as an ID, passport or proof of billing address, introduces a substantial amount of friction into the onboarding process. At the same time, using credit bureaus alone to check the personal information is not enough, especially as fraudsters develop new identity theft techniques. Without a solid identity verification solution, customer acquisition costs and fraud risks increase. Mobile banks need ID verification solutions that are automated, accurate and frictionless so that they can convert good users faster.

Incognia partnered with one of the leading retail banks in Latin America to improve their identity verification process by increasing the number of mobile accounts opened automatically. Founded as a traditional bank, the client launched its mobile banking app in 2018. This bank, like most others, relied on credit bureaus to identify new mobile users but found that only about 60% of prospective customers applying on mobile could be verified automatically using this approach. New applications that could not be verified immediately were manually reviewed which involved asking the user to provide documentation or be verified over the phone, which introduced friction and led to application abandonment. The executive team needed to find a technology solution to support mobile onboarding and improve operational efficiency.

Footnotes: 1 – Digital Banking Users to Exceed 3.6 Billion Globally by 2024, Juniper Research

The bank was interested in using Incognia Address Verification to supplement their existing identity verification process to increase the real time approval rate of good mobile applications and reduce manual reviews. Incognia was able to match the addresses provided by new users at onboarding with the historical location behavioral of the device used to apply.

During a three week period, the bank checked 23,246 new addresses using Incognia Address Verification and a credit bureau. While Incognia (65%) and the credit bureau (62%) approved a similar percentage of new accounts independently, it is striking to see that together the two solutions were able to automatically approve 85% of all new mobile applications received by the bank during this period. The graphs below show the results generated by Incognia and the credit bureau together (Chart 1) and highlight the improvements enabled by Incognia (Chart 2).

Chart 1: New Customer Verification

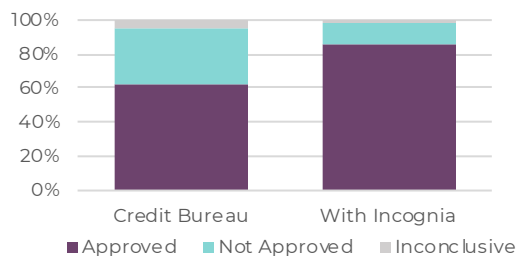
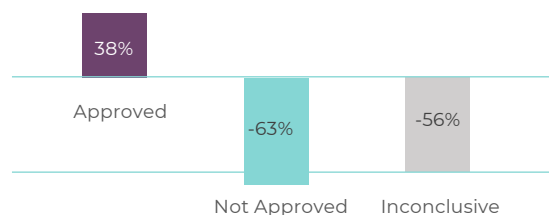


Chart 2: Performance with Incognia



These numbers show that Incognia was able to approve 63% of the addresses that were rejected by the credit bureau. Said differently, Incognia reduced false negatives by 63%, ensuring that the bank didn't turn away good customers. Additionally, Incognia positively verified 56% of the addresses that resulting in an inconclusive score by the bureau. In fact, the bureau was not able to find any address information at all for 17% of all new applications verified during this period. With the addition of Address Verification, the bank was able to approve 68% of those applications.

For the bank, this represented 5,481 additional accounts opened automatically, increasing the ability of the bank to automatically open accounts via mobile by 38%. Incognia also enabled a 24% reduction in the number of manual reviews during this period, saving the bank time and money.

While the benefits of Address Verification for reducing friction during mobile onboarding are clearly demonstrated in this case, the solution is also used for fraud prevention. In this test, for example, Incognia identified a device attempting to create 10 accounts using 7 different addresses. The bureau approved 7 of the fraudulent new accounts, while Incognia Address Verification rejected all 10 account creation attempts.

In summary, by adding Incognia Address Verification to its identity verification process the bank was able to:

- Verify 85% of all mobile application automatically
- Reduce manual reviews by 24%
- Open 5,481 additional accounts automatically (38% increase)
- Reduce false negatives by 63%

About Incognia

Incognia is a private identity company offering location-based behavioral biometrics for mobile fraud detection. Our identity verification and authentication solutions are based on unique behavioral patterns.

www.incognia.com

