How to Select the Right Identity Verification Provider

A Guide for Banks and Financial Services Providers

This toolkit is for:

- New market entrants who are looking to understand the identity verification (IDV) landscape before making a decision
- Companies who already have an IDV solution in place but want to ensure it is the best option for their business needs.

THIS TOOLKIT IS COMPRISED OF 3 SECTIONS:

Relevant content and background on the increased compliance requirements and fraudulent activities in the financial landscape.

A ready-made survey that can be sent out to all the IDV solution providers you are considering. Sending the questionnaire to potential providers will allow you to effectively evaluate each solution according to your business priorities and select the offering that best suits your business needs.

Guidance as to how to effectively analyse the questionnaire responses and validate findings with a PoC pilot in order to select the optimal solution for your specific business requirements.

1. The Situation

THE FINANCIAL BUSINESS LANDSCAPE FACES NEW CHALLENGES AND UNDERGOES SIGNIFICANT CHANGES

The 5th Anti-Money Laundering Directive (AMLD5): All transactions above €150 of e-money or €50 pre-paid card for online transactions now require customer identity verification

User experience today is challenging and complicated, but it doesn't have to be

Customer drop-off rates across financial services industry are 40% on average

Online account opening can take up to 25 minutes

113% increase in identity theft and fraud from 2021 to 2022

IDV solutions in the market today require manual intervention for data validation more than 50% of the time

These increased financial crimes and stricter measures increase the regulatory burden placed on businesses, potentially driving up the cost of operational efficiency. If organizations fail to implement user-friendly solutions, they could face higher customer drop-off rates.

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Understand the IDV Solution Landscape

There are 3 broad categories of Identity Verification solutions available on the market today. The solution best suited to a business depends on the business' appetite for risk, budget and time constraints as well as technical resources available to design, develop, test and deploy the solution.

API/SDKs: A highly customisable IDV solution that could be integrated into the customes' business application to deliver a seamless and branded front end user experience

Web Apps: IDV customer journey takes place via the web rather than a mobile app

SaaS: Out of the box solution with a customizable front-end user experience and back-end business workflow

	API/SDKs	Web Apps	SaaS
Level of customisation possible	High	Low/Moderate	High
Level of development effort required	High	Low/Moderate	None
Level of technical complexity required	High	Low	Low
Expected integration time to deliver	Weeks/Months	Week(s)	Day(s)
Level of fraud protection offered	High	Moderate	High

Note: The assigned gradings above for solution characteristics may vary according to different interdependent variables and by solution provider. We suggest to consider it as an initial frame of reference.

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2. Questionnaire

HOW TO DETERMINE THE BEST IDV SOLUTION PROVIDER FOR YOUR BUSINESS

The series of questions in the below survey will help businesses to critically evaluate the quality, cost and flexibility of IDV solution providers across the market ensuring that the best solution fit is selected.

Click on the link below to download the Questionnaire or go to: hidglobal.com/documents/identity-verification-provider-questionnaire

Questionnaire

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3. Final Solution Provider Evaluation

Review Business Priorities

Identify the priorities for your business and critically evaluate the provider's questionnaire responses.

Priorities might include:

- User experience
- Regulatory robustness
- Operational efficiency
- Ease of solution deployment
- Total cost ownership

Shortlist Solution providers

Following an initial scan and prepare a shortlist for the next round of supplier engagement based on the following criteria:

Priorities might include:

- Ability to satisfy key requirements based on business priorities
- Industry experience and reputation
- Customer references

Run a PoC Pilot

Once you have assessed and selected a shortlist of potential providers, request a demo account so that you can validate your findings in a real-life environment.

- Define test cases including both happy path customers and exceptions handling across all relevant customer channels
- Customise the demo account to exact same requirements as would-be production solution
- Provide instructions to PoC participants replicating as much as possible to be end-to-end customer journey
- Have key internal stakeholders participate in the PoC and have them evaluate the performance of each vendor according to the priorities of the business
- Ease of solution deployment
- Total cost ownership

It's important to try-before- you-buy to ensure the chosen solution will meet your business requirements. <u>Click here for a free trial</u>.

Versatile Identity Verification

Enable the seamless verification of an individual's identity and address in real-time.

ISO 27001 and ISO 27018 certified, HID's IDV solution combines a unique blend of biometric, document and database checks to maximise successful customer verification rates whilst preventing fraud at source.

HID's IDV offering is versatile and provides a complete end-to-end solution that can be tailored to the specific requirements of every business in minutes and fully integrated within days.

For further information, please visit: https://www.hidglobal.com/solutions/digital-identity-verification

Interested in a free trial? Fill out this form

Components of a streamlined identity verification process

A Government Issued Photo ID
- Captured on the user's device

Document Verification
- Up to 70 technical checks

Facial Matching
- 50-point facial biometric comparison
- Passive liveness

Address E-Verification
- Document cross-checks
- Global verification through third party databases

Comprehensive Customer Report
- Generated in real-time, providing auditable evidence

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