LexisNexis®
RISK SOLUTIONS

LexisNexis® Risk Solutions

State of Identities:

Optimizing Identity Verification and Authentication for Safer, More Efficient Omnichannel Experiences

THE PANDEMIC FUELED UNPRECEDENTED GROWTH IN DIGITAL COMMERCE

Ecommerce sales worldwide are expected to reach $5.9 trillion in 2023[1] from $3.46 trillion in 2019[2].

$3.46T

Global ecommerce sales in 2019[3]

$4.29T

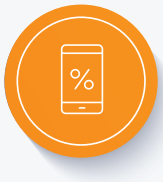
Global ecommerce sales in 2020[4]

$5.9T

Forecasted global ecommerce sales in 2023[5]

Routes to interact and transact are converging into omnichannel ecosystems featuring multiple – and often hybrid – customer touchpoints. Although digital commerce is now deeply engrained in consumer behavior worldwide, these touchpoints are also encompassing more in-person transactions. Consumer behavior appears to be shifting back toward pre-pandemic patterns in many parts of the world.

Blending Physical and Digital Touchpoints



Mobile purchase through app

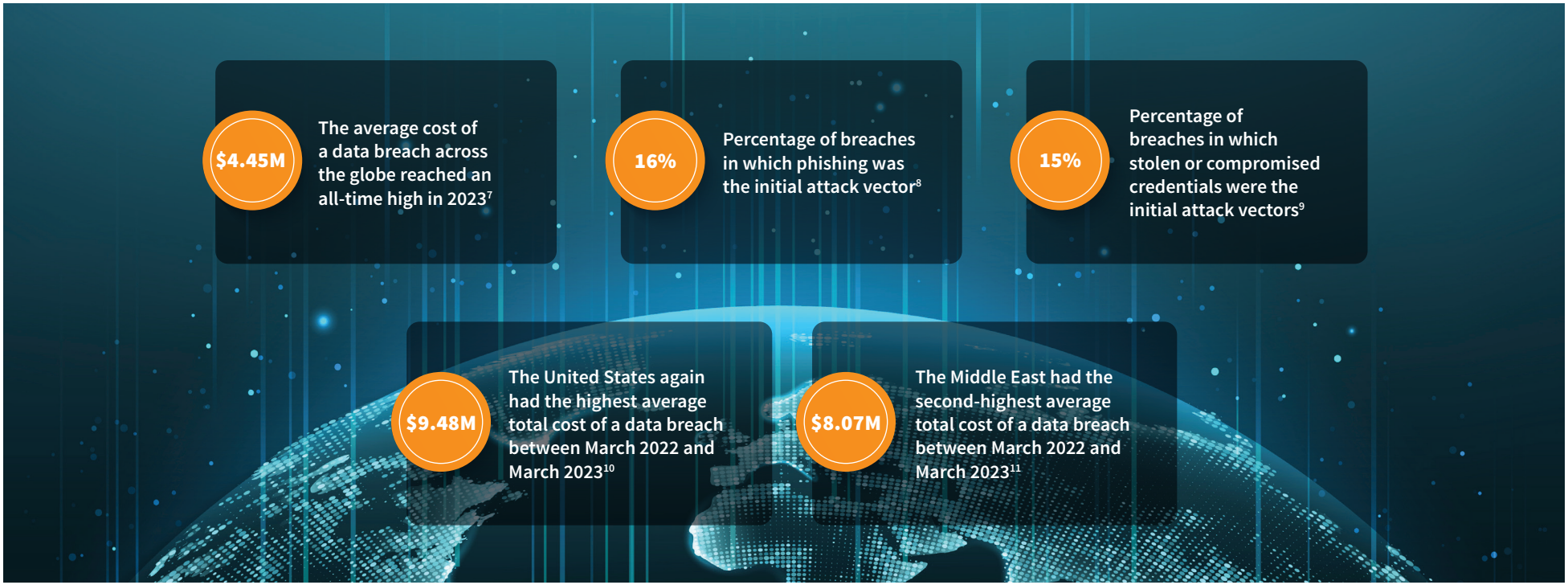
Payment with digital wallet

Pick up in store

MORE TOUCHPOINTS MAY MEET THE NEEDS OF A BROADER CONSUMER AUDIENCE, BUT THEY PROVIDE GREAT OPPORTUNITY FOR FRAUD

Organized fraud groups capitalize on the various touchpoints, utilizing the anonymity of digital ecosystems to obtain personal information – often froma data breach or through social engineering attempts – to create take over accounts and perpetrate scams.

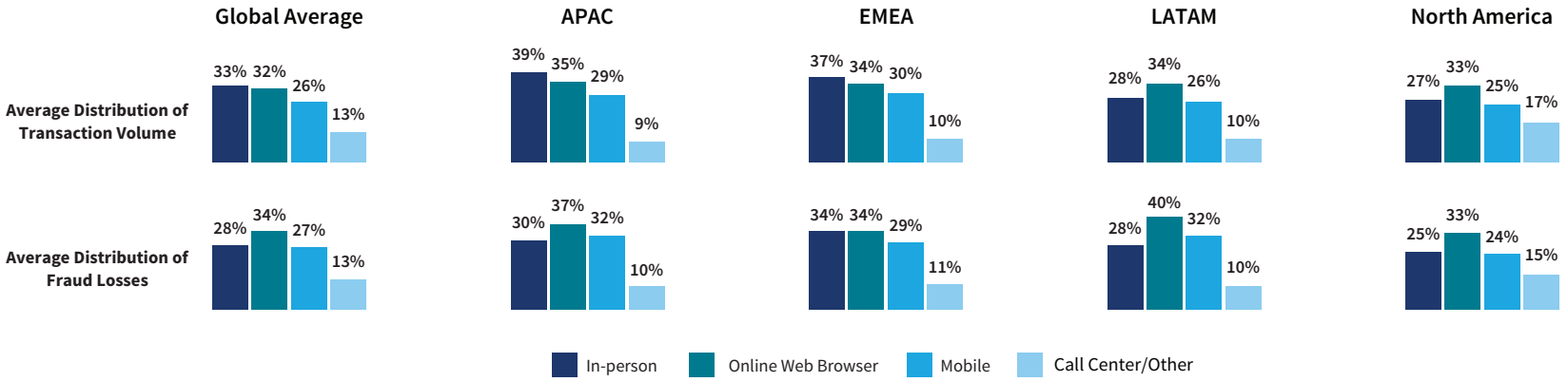
Phishing and stolen or compromised credentials were the two most common initial attack vectors for global data breaches between March 2022 and March 2023[6]



FRAUD IS PREVALENT IN ALL CHANNELS, BUT VOLUME AND FRAUD LOSSES DIFFER ACROSS REGIONS

While online and mobile channel transactions represent a significant level of fraud losses, fraud losses from in-person channels are still a concern for many organizations globally.

% TRANSACTION VOLUME/FRAUD COST BY CHANNEL[12]



OMNICHANNEL ECOSYSTEMS PROVIDE FRAUDSTERS WITH A READILY AVAILABLE FRAMEWORK TO EXECUTE FRAUD SCHEMES AT HIGH VELOCITIES

Fraud attacks from a single digital entity can reach wide and deep[13]

35 ORGANIZATIONS
Attacked by the same digital identity

580 EVENTS
Were associated with the fraudulent digital identity

- **415** — **Fraudulent logins, attempted fraudulent logins and legitimate logins**
- **100** — Attempted account creations/credit card applications/loan applications
- **46** — Attempted ecommerce purchases
- **12** — Attempted password resets
- **7** — Attempted details changes

FRAUDSTERS CONTINUE TO ATTACK ACROSS ALL STEPS IN THE CUSTOMER JOURNEY IN ALL REGIONS

IDENTITY-RELATED FRAUD: % DISTRIBUTION BY ACTIVITY[14]

GLOBAL AVERAGE

New Account Creation	Logins	Payments Transactions/Distributions of Funds
31%	31%	38%

APAC

New Account Creation	Logins	Payments Transactions/Distributions of Funds
32%	29%	39%

EMEA

New Account Creation	Logins	Payments Transactions/Distributions of Funds
32%	28%	40%

LATAM

New Account Creation	Logins	Payments Transactions/Distributions of Funds
29%	30%	41%

NORTH AMERICA

New Account Creation	Logins	Payments Transactions/Distributions of Funds
31%	33%	36%

New Account Creation | Logins | Payments Transactions/Distributions of Funds

FRAUD MITIGATION TOOLS ARE ESSENTIAL TO COMBAT FRAUD

BUT NOT ALL TOOLS OR APPROACHES ARE CREATED EQUAL

DISPARATE APPROACHES

Can add inefficiencies and friction that can hamper the ability to proactively mitigate identity risk at the front of a transaction.

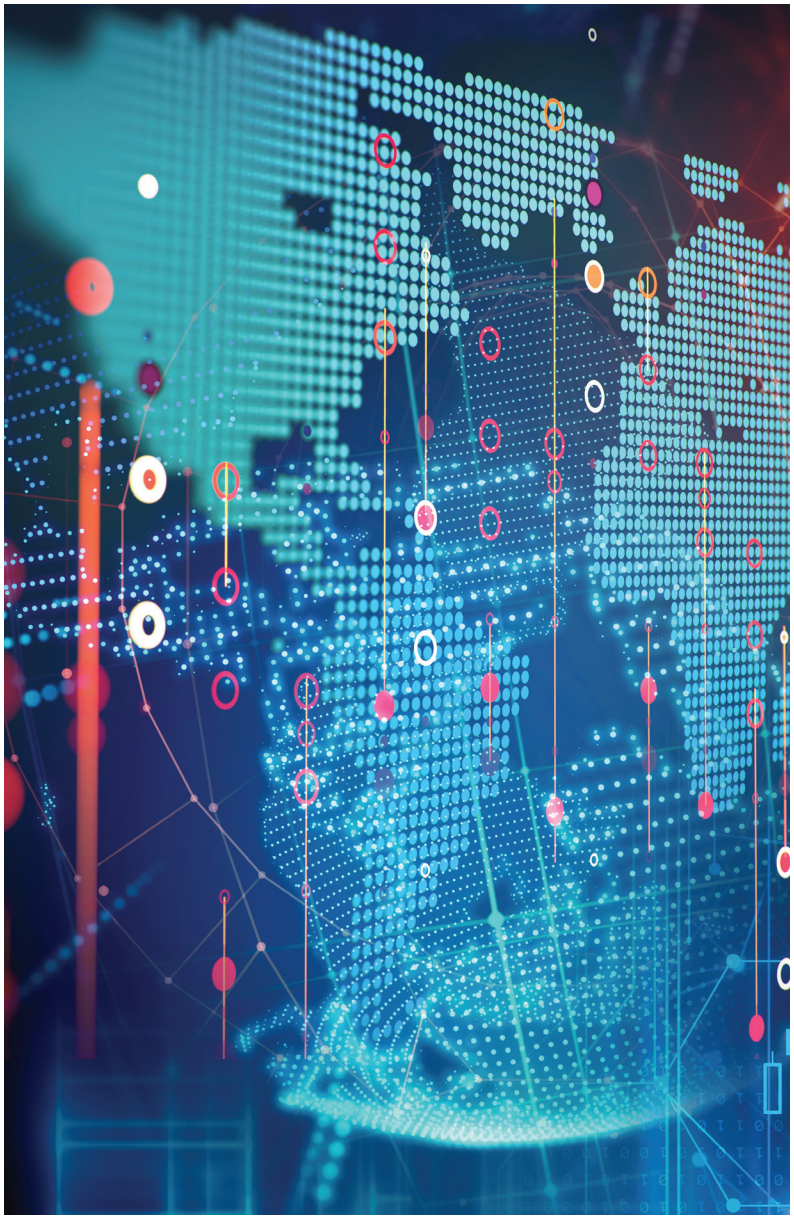
STATIC APPROACHES

Lack the flexibility to adapt to the nuances in global transactions where different data sources, regional regulations and identity proofing processes and documentation come into play.

Interactions today are dynamic, interconnected and instant. To help prevent fraud, businesses need context and insights that link consumers across the 3 key dimensions of consumer identities.

- **Digital identity** refers to a consumer's presence in digital channels, which is tied to an email address and other digital data elements. Digital identity intelligence encompasses intelligence on devices used, frequency of use, location information and how consumers engage digitally with organizations.
- **Physical identity** includes data elements such as a physical address or date of birth. This data provides valuable intelligence because behind every legitimate consumer is a real, physical person.
- **Behavioral identity** recognizes typing, swiping, clicking patterns and other ways individual consumers interact with their devices. Behavioral biometric technology can authenticate individuals based on their behavior pattern. It provides intelligence to differentiate a legitimate consumer from a bot or fraudster.

GAIN INCREASED VISIBILITY INTO A CONSUMER'S IDENTITY



Integrating data points encompassing **digital**, **physical** and **behavioral** identity across all customer touchpoints and all stages of the customer journey increases real-time, 360-degree transparency to help businesses:

- Confidently recognize trusted identities
- Deliver risk-appropriate customer interactions
- Gain more assured detection of legitimate, synthetic, and stolen identities
- Deliver safer and more efficient transactions across channels
- Confidently recognize trusted identities

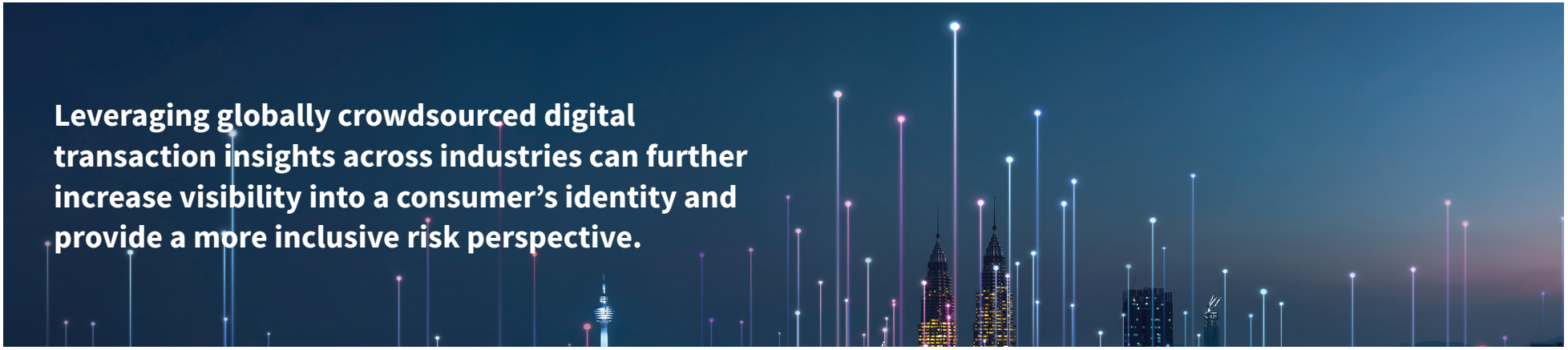
BY ALIGNING VERIFICATION AND RISK-APPROPRIATE AUTHENTICATION, BUSINESSES CAN OPTIMIZE THEIR FRAUD DEFENSES AND GAIN A MORE HOLISTIC IDENTITY VIEW ACROSS THE CUSTOMER JOURNEY

IDENTITY VERIFICATION

Helps confirm that personally identifiable elements (e.g., name, DOB, physical address) have been seen together in past interactions at reputable sources.

IDENTITY AUTHENTICATION

Helps confirm that the person submitting personally identifiable information is actually the person to whom that information belongs.



MANY ORGANIZATIONS UTILIZE A RANGE OF FRAUD INTELLIGENCE AND ANALYTICS TOOLS TO FIGHT FRAUD

BUT FEW ARE OPTIMIZING THEIR FRAUD SOLUTION STRATEGY TO CAPTURE A HOLISTIC, UNIFIED VIEW OF IDENTITY RISK

% OF ORGANIZATIONS USING SUPPORTIVE CAPABILITIES TO FIGHT FRAUD[15]

A multilayered solutions approach helps combat today's complex fraud challenges head on by optimizing defenses against multiple threat vectors without adding friction for legitimate customers.

A MULTILAYERED SOLUTION STRATEGY THAT ALSO INCORPORATES REAL-TIME EVENT DATA

Third-party data and global cross-channel and cross-industry intelligence packs even more of a punch:

- Reinforces high-risk customer touchpoints with tailored, risk-appropriate identity risk assessment
- Strengthens security without sacrificing convenience
- Enables identity assessment from a networked perspective
- Proactively uncovers fraud risk signals and anomalies before an identity enters the customer ecosystem

Businesses that leverage a multilayered approach based on a unified view of physical, digital and behavioral identity will have the agility to respond more effectively to current and emerging identity fraud threats.

LexisNexis® RISK SOLUTIONS

For more information, visit risk.lexisnexis.com

About LexisNexis Risk Solutions

LexisNexis® Risk Solutions includes seven brands that span multiple industries and sectors. We harness the power of data, sophisticated analytics platforms and technology solutions to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit LexisNexis Risk Solutions and RELX.

SOURCES

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