Neustar-TRUSTID

Latest Trends in Call Center Authentication
STATE OF CALL CENTER AUTHENTICATION SURVEY

Forrester Fraud and Consumer Friction Survey

- Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar
- Fielded in November, 2018
- Base: 204 fraud management, authentication and CX decision makers in North America.

TRUSTID State of Call Center Authentication Survey

- Source: Joint effort of TRUSTID and Customer Contact Week
- Fielded in January of 2019
- Base: 134 contact center operations, customer experience, sales and marketing decision makers with 60% in North America.
IDENTITY-BASED FRAUD INCREASING

Compared with the previous 12 months, has identity theft and/or fraud increased, decreased, or remained the same?

- **Decreased**:
  - 10% to 14%: 4%
  - 5% to 9%: 1%
  - 1% to 4%: 4%
  - Remained the same: 28%

- **Increased**:
  - 1% to 4%: 16%
  - 5% to 9%: 4%
  - 10% to 14%: 2%
  - 15% to 19%: 1%
  - 20% or more: 38%

**61%** of firms have seen ID theft fraud increase in the last 12 months

23% have seen **5% or more** increase

Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, “Mitigate Fraud And Consumer Friction with Integrated IDV,” 2019
Call centers are now the vector of choice for criminal attacks in financial services.

Source: TRUSTID, “State of Call Center Authentication,” 2019
Virtual calling is the fastest growing threat from fraudsters

HOW DO FRAUDSTERS ATTACK?

Threats posed by criminals where there is much more activity

- Spoofing: 32%
- Virtual calls: 40%

Source: TRUSTID, “State of Call Center Authentication,” 2019
What impact did this incident or incidents of fraud have on your organization?

- Loss of revenue: 52%
- Reduced customer confidence: 46%
- Increased inquiries/complaints to customer service: 45%
- Damage to brand/reputation: 42%

Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, "Mitigate Fraud And Consumer Friction with Integrated IDV," 2019

Broad impacts: Average # of impacts selected = 5
FRAUD STRATEGIES RELYING ON PII ARE LIKELY TO FAIL

73% of fraud instances involved PII

Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, “Mitigate Fraud And Consumer Friction with Integrated IDV,” 2019
CONFIDENCE IN KBA FADING

How confident are you that knowledge-based authentication alone can accurately authenticate your customer callers?

4 in 10 respondents lack confidence in KBA accuracy

Source: TRUSTID, “State of Call Center Authentication,” 2019
AUTHENTICATION FRUSTRATION GROWS

Satisfaction with current method to authenticate callers

63% 49%
Somewhat/Very Satisfied

31% 46%
Somewhat/Very Unsatisfied

6% 5%
Don’t Know

Source: TRUSTID, "State of Call Center Authentication," 2019
FRAUD VS. FRICTION: ROCK AND A HARD PLACE

83% of consumers experienced friction logging into their account

- 10% said this gave them a negative view of their bank
- 3% switched banks as a result

Source: First Annapolis, “Controlling Friction While Tackling Cybercrime in Financial Services,” 2016
THERE IS OPTIMISM FOR A SOLUTION AND WILLINGNESS TO INVEST

Respondents who believe it’s possible to prevent ATOs without obstructing the customer experience

- Yes: 76%
- No: 8%
- Don’t know: 16%

Priority for Reducing or Preventing Fraud

- Nearly: 70%
- High priority: 48%
- One of our Top priority: 21%
- On par with other priority: 31%

Source: TRUSTID, “State of Call Center Authentication,” 2019

Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, “Mitigate Fraud And Consumer Friction with Integrated IDV,” 2019
TOP REQUIREMENTS FOR NEW TECHNOLOGY

<table>
<thead>
<tr>
<th>Technology benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy and quick to enroll</td>
<td>91%</td>
</tr>
<tr>
<td>Improves fraud detection</td>
<td>91%</td>
</tr>
<tr>
<td>Authentication accuracy</td>
<td>90%</td>
</tr>
<tr>
<td>Seamless for customers</td>
<td>88%</td>
</tr>
<tr>
<td>Agent time</td>
<td>87%</td>
</tr>
<tr>
<td>Agent job satisfaction</td>
<td>85%</td>
</tr>
<tr>
<td>Reduces operating costs</td>
<td>82%</td>
</tr>
<tr>
<td>IVR self-service</td>
<td>77%</td>
</tr>
</tbody>
</table>

Source: TRUSTID, "State of Call Center Authentication," 2019
WHEN SHOULD WE AUTHENTICATE?

Quick and early authentication rules the day

Preferred time to complete authentication

- Before the call is answered: 38% (2018), 54% (2019)
- During use of IVR system: 39% (2018), 21% (2019)
- During an agent conversation: 18% (2018), 21% (2019)
- Don't know: 6% (2018), 4% (2019)

Source: TRUSTID, “State of Call Center Authentication,” 2019
THE PATH FORWARD

Approach to use of multi-factor authentication

<table>
<thead>
<tr>
<th>Year</th>
<th>Keep using KBA</th>
<th>Supplement KBA</th>
<th>Replace KBA with a new single-factor technology approach</th>
<th>Replace KBA entirely with a new two-factor technology approach</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>8%</td>
<td>36%</td>
<td>8%</td>
<td>36%</td>
<td>12%</td>
</tr>
<tr>
<td>2019</td>
<td>8%</td>
<td>39%</td>
<td>7%</td>
<td>39%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: TRUSTID, “State of Call Center Authentication,” 2019

Plans for true multi-factor authentication double
FIRMS EXPANDING INTEGRATED IDENTITY VERIFICATION (IDV) ARE MUCH MORE DRIVEN TO SUPPORT CUSTOMERS AND OPERATIONAL EXCELLENCE

Which of the following customer expectations are influencing the way your firm detects fraud?

- Increased customer expectations for the firm to keep information/transactions secure
- Concerns about privacy
- Speedy, seamless digital interactions
- Maintaining regulatory compliance
- Transparency of how the organization makes fraud decisions, loan decisions, etc.
- Price/cost of services

Organizations using IDV care more about CX, privacy, compliance, efficiency and fraud

Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, "Mitigate Fraud And Consumer Friction with Integrated IDV," 2019
Criminals are increasing attacks on call centers by attempting to beat identity based verification methods.

Both business and customers are frustrated with the status quo.

Contact center professionals are optimistic the problem will be solved and stand ready to invest in solutions.

Solutions need to be widely adopted, accurate and work quickly to identify real customers.

There is growing acceptance of new technologies that can augment or be used instead of KBA in multi-factor authentication solutions.