Putting the Pieces in Place: LifeLock and Lemon Wallet

13 December 2013 By: Mark Schwanhausser

At first glance, LifeLock’s $42.6 million acquisition of Lemon may not seem to fit quite right. To some it may appear that LifeLock is buying access to Lemon Wallet’s user base, but an app with 3.6 million downloads does not justify that kind of investment on its own. As for LifeLock getting into the mobile payments game, the last thing the market needs is another also-ran.

Fortunately, all is not as it seems because LifeLock may have actually found a way to avoid the rampant customer turnover which has been plaguing the identity protection industry. Obviously, LifeLock gets a mobile app through which they can deliver their identity protection services. This is a present-day necessity given consumer expectations for always on, instant access, but there is a second, more substantial benefit which LifeLock obtains from the wallet’s key financial feature. Users can upload payment card details into the wallet, so that they (and LifeLock) can subsequently monitor these accounts directly through the app. So how do these features create the kind of value that keeps customers coming back month after month?

When it comes to identity fraud, the name of the game is money, pure and simple. Criminals commit fraud to get paid, and in order to do so they often misuse the financial accounts of unknowing victims. Unfortunately, the identity protection industry’s foray into monitoring for financial fraud has taken a number of years and has suffered its share of setback.

LifeLock’s settlement with Experian over fraud alerts on credit reports took the collective wind out of the industry’s sails. Slowly but surely LifeLock has been working its way back, though the purchase of ID Analytics and a partnership with Early Warning. They have since managed to create a respectable financial account monitoring capability spanning everything from DDA accounts to payday loans, but comprehensive payment card monitoring was the missing piece of the puzzle. That piece of the puzzle was the big one. The keystone piece you notice when you open the box and can figure out exactly where it goes. By being able to quickly detect and alert their customers of the majority of financial fraud types, LifeLock should be able to better protect their customers than they could in the past while also strengthening the relationship with their customers. A significant portion of consumers who cancel identity protection subscriptions do so because they don’t see the value in it. Providing conspicuous and robust financial fraud protection is exactly what is needed to create that perceived value and keep customers around for the long term. LifeLock and Lemon Wallet?

They fit.